FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,112 | Friday March 7 1980 | ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 70; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

New hope for hostages

THE U.S.-IRAN crisis seemed closer to resolution last night when militant students who have held 49 Americans hostage at the U.S. Embassy in Tehran for four months offered to hand them over to Iran's ruling Revolutionary Council.

The sudden collapse of the students' refusal to make any concessions came as the five-man UN commission investigating grievances against the Shah prepared to leave without having seen the hostages.

The way may now be clear for release of the hostages, who were seized on November 4 and held against the students' demands for extradition of the Shah to Iran. But it is still by no means clear when—or indeed if—the Americans will be freed.

The students' decision came apparently as a complete surprise.

Just when the hostages will be handed over "will be decided tonight or tomorrow," a student said. The Revolutionary Council was scheduled to meet last night to discuss the situation, and Foreign Minister Sadeq Qotbzadeh said a Government committee would be set up today to decide how the hostages should be handed over by students.

Back Page

GENERAL

Israel rejects proposals

Israel's parliament rejected the UN resolution which called for removal of Jewish settlements. Premier Begin rejected the French President's initiative, saying creation of a Palestinian State "would cause a bloodbath bigger than that in Lebanon." Page 4

Afghan agreement

President Carter and Chancellor Schmidt of West Germany have reached partial agreement on how the West should respond to the Soviet invasion of Afghanistan. Page 4

Murder hunt

Police launched a murder hunt for three intruders after a mother of three plunged 30 ft to her death from the window of her second-floor flat in Maida Vale, West London.

Nkomo refusal

Joshua Nkomo Patriotic Front leader turned down the offer to become President of Rhodesia and insisted he and other PF leaders have Cabinet posts. Back Page

Envoy freed

Austria's Ambassador to Colombia, Edgar Selzer, was released from the Dominican Republic's Bogota embassy and flew to his seriously-ill wife in Vienna. Left-wing guerrillas hold more than 30 hostages, including 12 ambassadors. Negotiations between the Colombian Government and guerrillas continue. Page 4

Tito's chances

President Tito has a chance of surviving weeks or months because his condition has stabilised, Yugoslav officials said, provided his heart holds out.

Banker arrested

The arrest of Mario Pennacchio, chairman of the Savings Bank of Puglia, brought to 39 the number of banking and business personalities detained in the inquiry into alleged irregularities at Italcasse, the central Italian savings bank body.

Press inquiry

The Press Council is to investigate newspaper coverage and conduct in the heart transplant case raised by Tory MP John Farr in the Commons on Monday.

Briefly . . .

Académie Française elected its first woman member since foundation in 1635, authoress Marguerite Yourcenar, 76.

An appeal was launched to save the African scimitar oryx—said to be the model for the mythical unicorn—from extinction.

China proposed resumption of peace talks with Vietnam.

BUSINESS

Gold $19 down; Equities ease

● GOLD fell $19 to close at $627.5 in London, following some disappointment at the result of the monthly IMF auction.

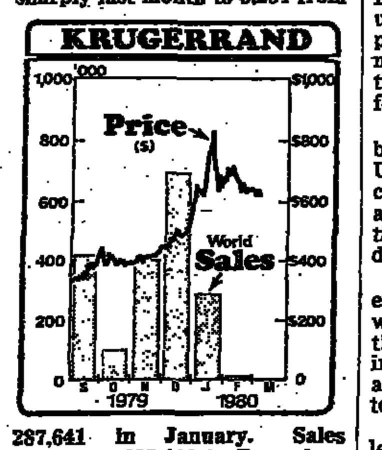
● EQUITIES trading was dampened by setbacks in secondary oils, and the FT 30-share index closed 2.4 down on the day at 458.0.

● GILTS also drifted off and the Government Securities index closed 0.37 down at 63.94.

● DOLLAR rose to DM 1.7945 (DM 1.7885) and its trade-weighted index gained 5 points to 87.1. STERLING fell 80 points to close at $2.2335 and its index was down to 72.6 (72.8).

● WALL STREET was 17.66 off at 827.22 near the close.

● KRUGERRAND sales fell sharply last month to 6,254 from



287,641 in January. Sales peaked at 695,411 in December.

● EXCHANGE CONTROL abolition resulted in capital outflows of about £2bn in the second half of 1979. Back Page. Liquidity of large industrial and commercial companies deteriorated sharply towards the end of last year to lowest level since mid-1975. Page 8

● EEC BUDGET negotiations might be eased if the UK decided to become a full member of the EMS, West German officials believe, though this would not be regarded as a major concession. Back Page

● ELECTRICITY WORKERS' union negotiators have agreed to recommend a 19 per cent pay offer to 83,000 members. Back Page

COMPANIES

● PLESSEY, the electronics and telecommunications group, reports taxable surplus for the nine months to December 31, 1979, up 7.6 per cent at £35.4m on turnover 13 per cent higher at £526m. Page 24; Lex, Back Page

● OZALID Group Holdings: three directors, including a former chairman, have been criticised by Department of Industry inspectors for arranging undisclosed overseas remuneration for themselves. Page 26

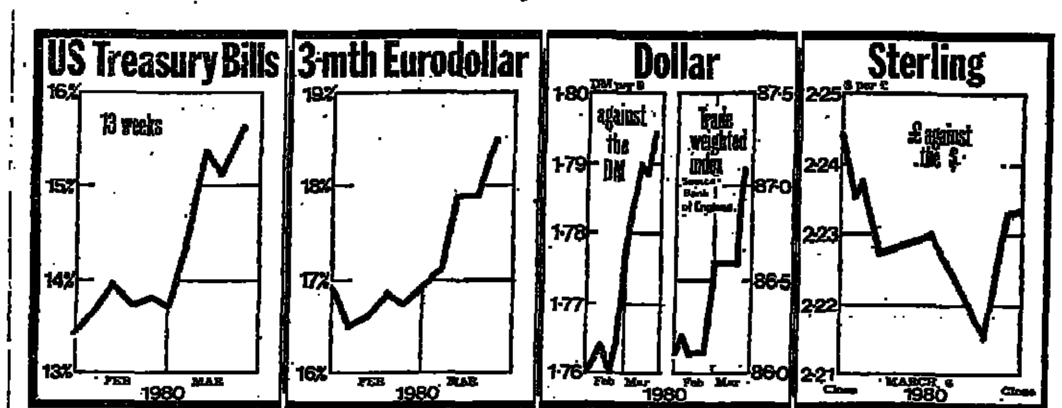
CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Exchequer 3% 1981	£88¾	+ ¼
Associated Fisheries	62	+ 3
Elys (Wimbledon)	158	+ 16
Grant Brothers	98	+ 8
Hambros	78	+ 5
Herrburger Brooks	75	+ 4
Merrydown Wine	41	+ 3
Oxley Printing	39	+ 4
United Newspapers	386	+ 11
Lunuva	350	+ 10
Coronation Synd.	400	+ 15
Gem Exploration	54	+ 16
Grootvlei	430	+ 24
Leichardt Explortn.	700	+ 120
Mangula (MTD)	130	+ 10
Marievale	198	+ 15
Messina	225	+ 10
North West Mining	43	+ 7
Rustenburg Plat.	294	+ 22
U.C. Invests	610	+ 20
Whim Creek	80	+ 7
York Resources	24	+ 8

FALLS:		
Treasury 14% 1996 (£20 paid)	£18⅞	— ⅛
BPC	29½	— 3
Barclays Bank	430	— 8
Bassett (George)	66	— 6
Coalite	99	— 6
Coral Leisure	70	— 4
Diploma Invts.	440	— 7
Fidelity Radio	58	— 7
Furness Withy	380	— 8
Pilkington	217	— 8
Racal Electronics	211	— 11
Staffs. Potts.	80	— 3
Tate and Lyle	146	— 4
Aran Energy	362	— 24
Cambridge Pet.	270	— 35
Shell Transport	402	— 8
Siebens (U.K.)	680	— 174
Canadian Lencourt	78	— 22

SUPPORT FOR D-MARK, YEN AND SWISS FRANC



Credit squeeze fear pushes up dollar

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN NEW YORK

FEARS OF further action in the U.S. to tighten the cost of credit caused a fresh surge of demand for the dollar yesterday amid mounting confusion on foreign exchange markets.

The West German, Swiss and Japanese central banks, which have been intervening heavily to support their currencies this week, made further large sales of dollars.

The Bank of England gave modest support to the pound. Sterling came under pressure as rising U.S. interest rates moved above short term UK rates for the first time since November. The three month sterling inter-bank rate closed at 18 3-16, compared with 18¼ for three month Eurodollars.

Sterling, which fell 2½ cents from overnight levels at one point, recovered to close at $2.2335, against Wednesday's $2.2415.

In New York three month certificates of deposit rates rose to almost 18 per cent, and traded Treasury bill rates hit record levels. On Wall Street the Dow Jones Industrial index was 17.66 points lower near the close at 827.22, after falling sharply on Wednesday.

The dollar finished at DM 1.7945, up from DM 1.7885 overnight. Earlier it touched DM 1.80 for the first time for almost four months. It also rose against the yen and the Swiss franc.

The rise in interest rates was accompanied by fears that the Federal Reserve might step up its anti-inflation battle by boosting its discount rate, currently 13 per cent, to bring it into line with the far higher level of market rates.

The commercial bank prime rate may rise soon from the record 17¾ per cent set only last Monday. The banks are still reporting strong demand for loans.

The Market's fears about further action to curb inflation were fanned by Senator Alan Cranston, the Democratic whip. He said after a series of meetings with President Jimmy Carter he expects to see "some selective credit controls" as part of the administration's anti-inflation efforts.

Controls might be applied to restrict credit card borrowing and to affect federally guaranteed loans. He echoed earlier indications that controls would not be imposed on housing and car loans.

Senator Cranston said the only final agreement that has

Continued on Back Page
Money markets, Page 31

Poor BL sales may mean speed up of plant closures

BY ARTHUR SMITH AND NICK GARNETT

BL CARS is expected to tell union leaders on Monday that plant closures and redundancies must be accelerated because of the company's poor sales performance.

The Confederation of Shipbuilding and Engineering Unions' executive has been called to a meeting with management next Monday to discuss the company's "considerable difficulties."

Mr. Geoff Armstrong, BL Cars' employee-relations director, warned in a letter to the executive: "Further decisive action involving a review of facilities and manning levels is necessary to secure our future."

BL said in December that at least 25,000 jobs would have to go within two years. Since then the company's share of the UK market has fallen to below 18 per cent in spite of an expensive sales campaign.

Problems in export markets, caused by the strength of sterling, and high stocks mean the company is likely to accelerate its rationalisation programme.

The partial closure of Canley, Coventry, and Castle Bromwich, Birmingham, with the loss of more than 10,000 jobs, may now happen this year rather than next.

Moves to bring forward redundancies would probably involve Sir Michael Edwardes asking the Government for funds earlier than anticipated.

BL is thought to have allocated £75m for rationalisation costs in 1980-81 and £130m for the following year.

This approach would be embarrassing for Sir Keith Joseph, the Industry Secretary, given the Government's concern to hold down spending. In providing £150m for 1980-81, Sir Keith said BL would be entitled to draw up to an additional £150m "on evidence of need."

BL could stress that cuts must be made quickly

Senior shop stewards meet in Coventry today but are likely to defer taking militant action in protest at the pay offer. They realise there is little point in sanctions when some production lines are at a standstill and around 25,000 workers laid off because of high stocks.

Royalties may cost £20m a year, Page 8

Record net income for Shell

BY RAY DAFTER, ENERGY EDITOR

SOARING OIL prices and the strength of sterling, which partly offset higher dollar prices for crude oil, helped to boost the net income of the Royal Dutch/Shell Group to more than £3bn last year—treble 1978 results.

Shell, which has joined other major oil companies, to publish record profit figures, said profits had been distorted by the impact of higher prices on stock valuations.

By using the first-in, first-out method of stock accounting the group found its net income was £1.1bn higher than it would have been had the value of stocks been calculated on a last-in, first-out basis.

Shell said the strengthened pound and fluctuating exchange rates had added £176m. In the previous year currency fluctuations cost the group £108m.

It was said that if the effect of stock appreciation and currency fluctuations could be disregarded, the group's net income would have been 31 per cent up on 1978.

Shell's results show a group net income of £3.05bn on total sales of £34.83bn. This compared with a net profit of £1.086bn on sales of £29.21bn the previous year.

The size of Shell's profits surge—as well as those of other large oil companies — could prompt governments of consuming nations to consider fresh windfall profits taxes—such as is being examined for North Sea oil. It could also intensify the readiness of oil producers to sell a larger proportion of their output in government-to-government deals.

Like its competitors, Shell emphasised the need to generate sufficient cash to maintain investment and "the heavy financial demands of the business." Over the year these had far exceeded the net income.

Working capital rose £1.1bn as a result of higher oil prices and significantly reduced credit terms from producing countries. Capital and exploration expenditure amounted to £4.4bn. Three-quarters of this investment went in the search for, and development of, oil and natural gas resources.

Shell shares last night closed at 402p — 8p down on the day, although they had risen following the announcement of the results.

● Compagnie Francaise des Petroles — the French Total oil group — said yesterday it would use its improved financial position to reduce debts to a more "normal" level and to pursue a more ambitious investment programme. The group's provisional figures show that cash flow in 1979 increased almost 200 per cent to FFr 9.5bn — £1.01bn.

Details, Page 24
Total results, Page 29
Lex, Back Page

Irish lure GE with tax benefits

By Our Industrial and Foreign Staffs

GENERAL ELECTRIC, the U.S. engineering and electrical group, is close to a decision to set up a $105m (£47m) synthetic industrial diamonds plant near Dublin after fiercely competitive bidding between the UK and Irish governments.

The company has been looking for a European site for a year. It had been advised by consultants to choose Livingston, the Scottish new town, as the location best suited to its manufacturing needs. Dublin was the second choice.

The Irish Industrial Development Authority, which is responsible for attracting investment to the republic, is believed to have offered General Electric substantial tax advantages in addition to about £17m in grants for buildings, and equipment in either country.

Foreign-owned manufacturers in the republic are exempt from taxes on exported products until 1990—a system which allows them to operate almost tax-free within the EEC since the Irish domestic market is small.

The scheme is being closed at the end of this year following pressure from the European Commission, and all new companies will be liable to 10 per cent corporation tax.

The development authority is believed to have told General Electric that it will qualify for the old system if it decides soon to operate in Ireland, even though it may not be ready to begin manufacturing by the deadline.

Mostek, the U.S. micro-electronics company, is believed to have taken advantage of this arrangement when it selected Dublin rather than Scotland last year.

These benefits could be worth £40m to General Electric over the first five years of operation, a figure that Britain could not match without exceeding domestic and European Commission restrictions on the level of inducements.

General Electric's board will not make its decision until the end of this month. Meanwhile, intense lobbying by the British Government is continuing.

The project is attractive to both the U.K. and Ireland since it would involve highly advanced

Continued on Back Page

£ in New York

—	Mar. 5	Previous
Spot	$2.2385-2395	$2.2385-2400
1 mth	0.58-0.54 dis	0.57-0.52 dis
3 mths	0.98-0.93 dis	0.98-0.93 dis
12 mths	1.95-1.80 dis	2.60-2.45 dis

Unions and BSC meet next week

BY CHRISTIAN TYLER, LABOUR EDITOR

FRESH negotiations in the national steel strike, now in its tenth week, have been set for Monday with the unions challenging the British Steel Corporation to come to a compromise.

The chances of a rapid settlement are still very uncertain. A bargaining document has been drawn up by leaders of all the 13 unions in the corporation, but it is believed to be only slightly more accommodating to BSC's demands than that submitted by the Iron and Steel Trades' Confederation and the National Union of Blastfurnacemen.

Sir Charles Villiers, BSC chairman, said last night that the corporation was heading for an annual loss of £1bn, which is about twice the size of the worst figures recorded by the State-owned industry.

Among further signs that the ballot of the workforce being conducted by the BSC will produce an inconclusive result, the corporation snatched eagerly at the new opportunity for negotiations extended by the unions.

The unions have not named their asking price in the new document, in order to facilitate a negotiated settlement. But neither have they met the BSC's request for firm commitments on job losses and new working practices, which have been at the heart of the dispute.

Mr. Bill Sirs, general secretary of the ISTC, said yesterday that the difference between the two sides on money was "minimal", and that successful negotiations on Monday could mean the end of the strike by the following morning.

But, even disallowing the width of the gap between the parties on conditional agreements to improve productivity, it would be procedurally difficult for the unions to call the strike off so quickly.

Mr. Sirs said: "We believe the corporation made a bad blunder when it rejected the ISTC-NUB document which gave the BSC a great deal of what it was asking at very little extra cost. The corporation had neither the ability nor the will to correctly analyse the value of our document. They looked a gift horse in the mouth.

"If progress is not made on Monday, if the BSC shows the same level of incompetence, then the unions will have no option but to jointly call for an urgent and wide-ranging inquiry into the present management."

The unions are still keeping in reserve the option of third-party intervention to settle the pay dispute. Mr. Sirs said that someone "removed from the industrial scene," such as an academic or a judge might be needed, but it would be for the joint co-ordinating committee of unions to make that decision.

BSC officials welcomed the setting up of this joint body, and hope it will be kept in being after the strike is over. Mr. Sirs said last night, in a Thames Television interview, that the fact the unions were negotiating together was itself worth 4 per cent of extra money to the corporation.

In the same programme, Sir Charles, who on Wednesday said he was glad the BSC was now consulting the workforce, appeared sceptical of the value of the unions' approach while affirming the corporation's interest in resuming negotiations.

He said the unions' gift horse "would not last the course, and would not jump the hurdle."

● A special TUC fund was launched yesterday to help alleviate hardship among workers involved in the steel dispute. According to the TUC, more than £50,000 has been raised, including a £20,000 donation from the National Union of Railwaymen.

STEEL 'REACHING BRITAIN'

A steady stream of steel shipments have been made in recent weeks to British ports from Antwerp, according to shipping industry executives.

Half a dozen tramp steamers are reported to have been leaving the Belgian port weekly, carrying European steel products and special steels, to Immingham, Kings Lynn, Boston, Rochester and Poole. The trade has been a semi-clandestine one with the shipments usually carried as "general cargo" and sometimes in containers.

But records at Dunkirk, France's third largest port, also show that during February sheet steel was being shipped openly into London. Importers at the London steel terminal have put the traffic in imported steel during the strike at around 35 per cent of the normal volume.

Some European steel executives estimate that in spite of the blockade breaking that has taken place as much as 500,000 tonnes of steel produced by other EEC countries is now stockpiled, awaiting the end of the strike.

Details Page 8

CONTENTS

For latest Share Index phone 01-246 8026

Stable EMS highlight of gloomy economic report

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Monetary System has cut exchange rate instability between EEC currencies by nearly two-thirds, according to the European Commission in an otherwise bleak report pointing to worsening inflation and balance of payments problems for Community members.

In its latest quarterly examination of the economic situation in the Community which will be presented to the Council of Ministers in 10 days' time, the Commission expects a widening of the gap between the stronger (West German) and the weaker (the UK) economic performances.

This year as a whole looks likely to contrast sharply with 1979 when economic growth in the EEC was slightly higher than earlier expectations at 3.3 per cent, and when employment grew by 0.9 per cent.

Reviewing the working of EMS, the Commission says that "intracommunity exchange rates were more stable than in any year since 1972." Member States' exchange rates vis-a-vis the European Currency Unit (ECU) showed an average change of only 1.9 per cent, compared to an average of 5.2 per cent in the six preceeding years.

These figures will confirm the general level of satisfaction with the working of EMS among the eight participating countries. The system proved surprisingly resilient last year to rising inflation, but it remains to be seen whether it can turn in a similarly strong performance against a Community inflation which the Commission expects to rise from 9 per cent to 11.3 per cent. Germany is expected to turn in the best performance on this front with a 5 per cent inflation rate and the UK the worst at 18.9 per cent.

Further pressure on exchange rates may also stem from a very sharp deterioration in member States' balance of payments deficits on current accounts. The Commission has raised its previous estimate of a total deficit for the Community in 1980 of £2.6bn (4bn ECU) to £9.1bn (14bn ECU).

Germany, as the possessor of a basically sound economy, is urged to accept for the time being its current account deficit while Denmark and Ireland are said to need urgent action through budget policy and income adjustments to reduce their deficits.

The Commission has also lowered its earlier forecast of a 2 per cent increase in the Community's gross domestic product to an even more modest 1.2 per cent. However, only two member States are expected to suffer a drop in GDP — Denmark, which is expected to see a 0.3 per cent fall, and the UK, whose decline is forecast at 2.5 per cent.

Unemployment is forecast to rise from a Community average of 5.6 per cent to 6.4 per cent with the increases concentrated in Denmark (7 per cent), France (6.9 per cent), Italy (8.5 per cent) and the UK (6.8 per cent).

The worsening economic outlook is largely ascribed to recent oil price increases while the Commission says strengthen the need for continuing tight control of money supply growth, the reduction of public sector deficits in several countries, energy conservation and the development of alternative supplies, and a clampdown on nominal increases in personal incomes (particularly in Ireland, Italy and the UK).

Rift seen between Barre and Giscard

By Giles Merritt in Paris

M. RAYMOND BARRE, the French Prime Minister, has warned that his Government's tough economic policies are not likely to be eased in the foreseeable future.

M. Barre's stance, disclosed in a wide-ranging newspaper interview here, was predictable enough. But his choice of words is also now being taken by some French commentators to indicate a widening rift between the French Premier and M. Valery Giscard d'Estaing, the President.

The timing of M. Barre's remarks, the absence of any of the usual references to the President's overall authority and the interview's concentration on energy problems without making mention of M. Giscard's absence in the Middle East this week to discuss oil supply questions, are all being interpreted as a deliberate political signal.

To most Frenchmen, however, the significant message contained in M. Barre's remarks will be that he has for the first time conceded that France's inflation rate cannot be held below 10 per cent during 1980.

He emphasised that to limit inflation the Government will continue to operate tight credit policies and maintain the stability of the franc, while at the same time concentrating on cutting the state spending deficit.

ITALIAN CHRISTIAN DEMOCRAT ELECTION

Hard-liners win the day

BY RUPERT CORNWELL IN ROME

THE ELECTION of a new secretary and a new president of the ruling Italian Christian Democratic party has underlined the harder anti-Communist line which emerged from last month's party congress. But the elections have narrowed the options for a solution of Italy's political deadlock.

The new seretary, Sig. Flaminio Piccoli is, perhaps Italy's most important single political figure, and is firmly in the centre of the Christian Democrat spectrum, as well as being a former party president.

He replaces Sig. Benigno Zaccagnini, who, with Sig. Giulio Andreotti, the former Prime Minister, represented the wing of the Christian Democrats most favourable to a deal which might have led to eventual Communist participation in government.

Sig. Arnaldo Forlani, the new party president replacing Sig. Piccoli, is a former Foreign Minister, once a protegé of Sig. Amintore Fanfani, the die-hard anti-Communist Premier. He is still identified with the Christian Democrat Centre Right.

It is an ill omen for the debut of the new leadership that it will preside over a split party. Frantic efforts to find a compromise between the Zaccagnini-Andreotti group and the majority of the party have failed.

THE WINNERS: Sig. Piccoli (left) and Sig. Forlani.

The result was that both Sig. Piccoli and Sig. Forlani were elected by slightly under 60 per cent of the total votes of the Christian Democrats' national council yesterday.

This latent division will do nothing to reinforce the authority of the Christian Democrats in the delicate political soundings due to begin shortly, to try to find a more stable Government formula.

The Socialist Party, on whose grudging abstention the fragile Government of Sig. Francesco Cossiga relies for survival, has said the choice of a new Christian Democrat leadership would mark the end of the "truce" allowing Sig. Cossiga a majority in Parliament.

The Government has been badly buffeted by the latest scandal over Italcasse, the central savings institute, which has seen the resignation of a Minister and the arrest of 38 prominent members of the Italian banking establishment this week.

Sig. Bettino Craxi, the Socialist leader, declared recently that he would not precipitate any crisis until an alternative solution was in sight. His own mutinous Left-wing is pressing to bring down Sig. Cossiga at once, but it is doubtful if it is prepared to risk a move which could lead to early general elections — with an uncertain prospect for the Socialists.

Now that the Christian Democrat congress has formally dismissed the Communist demand for entry into government, there are two apparent alternatives: a continuation of the present uneasy status quo, or a revamped "Left-centre" formula giving the Prime Ministership to the Socialists.

Meanwhile, the parties may prefer to see the outcome of the spring's key regional elections.

Bonn to stockpile raw materials

BY ROGER BOYES IN BONN

THE West German Government is holding intensive discussions with industrialists aimed at concluding a plan to stockpile five strategically important raw materials and thus help safeguard the economy from sudden shortfalls in imports.

Economics Ministry officials say that agreement between the two sides—the businessmen are represented by the employers' federation—could be reached in the next month, although some details still need to be ironed out.

The West German Cabinet has already approved the draft plan, which provides for the stockpiling, by private companies, of about one year's supply each of manganese, chrome, cobalt, vanadium and asbestos. The moves would be aided by funds from the Bundesbank, the cental bank, and the Government budget.

The problem has been how to persuade the private sector to accept the scheme in its present form. Many of the companies involved originally felt that their current stocks of four months' needs were sufficient, and that the cost of additional stock storage were not warranted.

These doubts now appear to have been dispelled by the Government's agreeing to finance the remaining eight month's worth of stocks, and there seems to be little disagreement over the basic plan, although the questions of access to the stocks and of pricing guarantees still have to be settled.

West Germany is particularly dependent on imported raw materials and there has been a growing awareness in the Government of the political risk of heavy dependence on southern Africa. West Germany imports some 48 different raw materials from the region, many of them essential to industry.

This vulnerability to market and political factors was highlighted yesterday by a parliamentary answer which disclosed that the Soviet Union is continuing to buy lead, copper, zinc and aluminium on the world market, despite its own large deposits.

West Germany—which unlike the U.S. and Japan has no stockpiles apart from oil—has been pressing for a quick conclusion of the talks as the prices of the metals involved have climbed steeply since the Cabinet decision last summer.

The proposed stockpiling plan is to be financed by the Bundesbank which has agreed to make DM600m (£149m) available through the Kredetanstalt Fuer Wiederaufbau, the post war reconstruction agency, in the form of three-month revolving credits. Government money is also to be made available for the upkeep of the stockpiles.

The current draft agreement provides for the establishment of a holding company, Rohstoff GmbH, which would buy in raw materials to last an extra eight months on behalf of the private companies

Bigger opportunities for engineering industry

BY JONATHAN CARR IN BONN

THE WEST GERMAN mechanical engineering industry will have bigger opportunities in the 1980s than it had in the second half of the 1970s to improve its position—particularly on the home market.

A report released today by the IFO economic research institute of Munich notes that overall domestic economic growth is likely to slow to roughly 3 to 3.5 per cent annually. But a process of structural change and technological innovation is under way, which should benefit the mechanical engineering sector in particular.

IFO notes that this sector, which accounts for about 11 per cent of West German industry's turnover and employs 14 per cent of its labour force, is dominated by smaller and medium-sized concerns.

While it may be fashionable to suggest that only the biggest companies can cope with the pace of technological change and invest adequately in research, IFO argues that the smaller companies stand to benefit from the revolution in microelectronics and its impact on automated production.

The report notes that West Germany has replaced the U.S. as the Western world's top exporter of mechanical engineering products, sending DM50.9bn (£12.7bn) worth of these goods abroad in 1978.

Between 1970 and 1978 the Eastern European countries and members of the Organisation of Petroleum Exporting Countries (OPEC) have taken an ever greater proportion of these German exports. The share going to other EEC states has declined, although in 1978 it still amounted to nearly one-third of the total.

Slight rise in Swiss inflation

By John Wicks in Zurich

THE SWISS cost-of-living index rose by only 0.1 per cent last month, giving a year-on-year inflation rate of 4.1 per cent, the lowest since August 1979. This development was due largely to an 8.4 per cent decline in the fuel-oil price from January to February.

Although last month's fuel-oil price was still nearly 30 per cent above that for February, 1979, this contributed only 1 per cent to the overall 4.1 per cent annual inflation rate. In calendar 1979, the rise in oil and petrol prices had accounted for about a half of total Swiss inflation.

Guernsey move by U.S. bank

MANUFACTURERS Hanover Trust Company of New York, has become the first bank, apart from the UK clearing banks, to set up a branch in Guernsey, as distinct from a local subsidiary.

The branch is housed in a £1m office block just opened in St. Peter Port by Manufacturers Hanover Bank (Guernsey), which has been operating in the island since 1974.

Test of strength for Basque separatism

BY ROBERT GRAHAM IN MADRID

SPAIN'S FIRST regional parliamentary elections under democracy will be held on Sunday, when Basque voters go to the polls. No single party is expected to obtain a majority of the 60 seats but the Basque Nationalist Party, PNV, is certain to pick up the most.

Interest in the outcome is twofold—the extent to which the vote of the national Spanish parties is eroded by the Basque parties, and the size of the vote captured by the main leftist groupings, which identify in varying degrees with ETA and with Basque separatism.

Analysts predict a substantial weakening of the political hold of the ruling Union de Centro Democratic (ULD) of Sr Adolfo Suarez and of the Socialist Nationalist Party. Latest polls show that the left groupings could obtain over 30 per cent of the seats.

The Basque Nationalist Party is offering itself as the party of the Basques, appealing across class-lines. Indeed, although the party has always been conservative and strongly Catholic, it has managed to attract working class support as well as that of the bourgeoisie. Coupled with its long record of struggle for the Basque cause, this gives it both strength and legitimacy.

The party has a natural appeal for those who in national elections would vote for Sr. Suarez's UCD, and to some extent to those who would vote for the Socialists. It is also the party that has effectively represented Basque interests in the negotiations on the Basque autonomy statute approved by referendum last October.

The party's principal challenge comes from the two main leftist groupings, Herri Batasuna and Euzkadiko Ezkerra. Herri Batasuna is a loose grouping of Marxist-leaning parties, which front for the hardline element within ETA. Euzkadiko Ezkerra is the political front for the political military wing of ETA, which carries out bombings and kidnappings, and collects "revolutionary taxes," but does not assassinate.

Euzkadiko Ezkerra supported the autonomy statute, unlike Herri Batasuna. It is better organised than Herri Batasuna and more cohesive, but lacks the latter's appeal and has recently lost kudos for a series of bungled actions by the political military wing of ETA. Herri Batasuna's strength lies among the under 25 year olds.

Despite the profound ideological differences that separate the Basque Nationalist Party from these latter two, they all remain highly ambivalent towards one another. As one commentator put it: "They have not decided whether their enemy is the central Government in Madrid or whether it is their opposing political philosophies."

Since the Parliamentary deputies elected will be responsible for negotiating the nuts and bolts of Basque autonomy, all the main Basque parties are playing their cards very close. No one has yet decided whether more will be achieved in a line-up of Basques versus the rest of Spain, or—especially in the case of the Basque Nationalist Party — through alliances with the national Spanish parties.

Sr. Suarez's UCD is a natural ally of the Basque Nationalist Party, but the latter simply does not trust Sr. Suarez enough.

The recent behaviour of the Madrid Government over the autonomy referendum in Andalucia has had negative repercussions in the Basque country. Sr. Suarez's attempt to impose "second-class" regional status on Andalucia is seen in the Basque country as part of a more general strategy to give as little as possible, even to the Basques. This shift prompted the Basque Nationalist Party to pull its deputies temporarily out of Parliament in Madrid.

The election will provide no easy solution to the problem of Basque separatism. It will merely show who controls the votes. Optimists believe that if the Left-wing groups obtain a sizeable vote, this would make it simpler to deal with ETA and its sympathisers. On the other hand, this threatens to raise the ante in the autonomy demands, which will only antagonise Madrid — and the military.

Dutch wage controls approved

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Lower House has approved a Government request for far-reaching powers to control wages, despite nationwide trade union demonstrations. Parliament set a two-year limit on the powers and also approved the Government's plans to cut public spending by Fl3bn (£678m) this year. The Cabinet is expected to announce details of the wage controls within the next few days.

The Government has asked for these additional powers following the failure of the unions and employers to reach a voluntary central wage agreement for 1980. Even so, after Parliament approved the Government plan late on Wednesday at the end of a two-day debate, it offered both sides of industry a last chance to reach a voluntary accord.

The Government was faced with either extending its wage freeze, which has been in effect for the past two months and expires this weekend, or of taking on more sweeping powers to control wage rises.

The controls have been criticised by both the employers and the unions. The largest Dutch union federation, the FNV, staged a national day of protest last Tuesday with strikes and short work stoppages in many sectors of industry, commerce and public life.

The unions are now preparing for further protest action and workers in the Rotterdam dry dock company shipyard downed tools yesterday.

Rosy outlook for growth in EFTA nations

By Brij Khindaria in Geneva

THE SEVEN member countries of the European Free Trade Association (EFTA) should have output growth rates of about 3 per cent this year and face better economic prospects than Common Market members and other industrialised countries.

Inflation in EFTA countries is likely to be lower than in other industrial nations.

Unemployment in EFTA countries is also likely to be lower

ENERGY REVIEW

BY ROGER BOYES

Germany expands its coal gasification programme

"THERE IS no point in starting to build tanks after you've been invaded." This pithy comment from a senior executive of the West German company, Krupp Koppers, was not, as one might have expected, about the doleful state of the Afghan tank industry. Rather it was a way of urging Bonn to invest in coal-to-gas plants before the onset of the next energy crisis.

Natural gas prices shot up at the beginnig of this year — drawing anguished cries from German consumers ranging from unionists in the middle of a wage round to industrialists with large gas-heated factory premises. Petrol prices, too, have been edging their way up relentlessly.

The moves were predictable enough. Natural gas, for example, is linked to the price of heavy heating oil and is adjusted regularly. Yet there was an inescapable sense of future shock. Only in the boardrooms of the two West German coal-to-gas specialists — Krupp Koppers and Lurgi Gesellschaften — was there an air of quiet assurance. Each new rise in oil and gas prices brings their gasification and liquefaction processes a step closer to real price competitiveness with natural oil and gas.

Leader

West Germany is the market leader in coal-into-gas technology. Indeed, it has been ahead of the field for more than 50 years. In 1928 Lurgi developed a gasification process and in the early 1930s, Koppers also experimented with the techniques, both partly building on hydrogenation work carried out by the Nobel Prize winner chemist, Friedrich Bergius. In 1931 Friedrich Fischer broke coal down to carbon monoxide and hydrogen and, by recombining it with more hydrogen, succeeded in producing coal oil.

Herr Volcker Hauff... approved the scheme

Coal can be converted into gas by partly burning it either in air or in oxygen. Gas produced in air has a lower calorific value because of the nitrogen content but countries such as South Africa have shown that it is still a valuable source of energy. For example, in a combined cycle power plant it can act as a highly efficient generator of electricity. Other uses for low-heat coal gas include the direct reduction of iron ore.

Sasol, the South African company which already uses the Fischer-Tropsch process (which provided Germany with much of its coal-based oil during the latter part of the war) is incorporating the Lurgi process in what is expected to be the world's largest coal gasification plant. It will convert about 9m tonnes of low-grade high-ash coal into 2m tonnes of petrol and diesel oil.

The technology then already exists and the underlying premise of gasification and liquefaction—the existence of large coal reserves—is also no problem for West Germany.

West Germany, one of the world's most powerful economies, is also one of the most vulnerable to oil shortages: more than 50 per cent of its energy needs are met through imported oil while domestic coal accounts only for about 17 per cent. Bonn, prompted by the latest energy crisis, has decided to right the balance and to step up production of coal. This is the logical option on most counts. Delayed introduction of nuclear power—because of disagreement over how to deal with spent nuclear fuel—suggests that there may be a shift back to coal-fired power stations. Much research effort is also being ploughed into ways of upgrading low-grade steam and soft coal to be used as coking fuel, the staple but expensive fuel of the steel industry.

Last month, the West German Government said that some DM 13bn (£3.2bn) would be invested in 14 coal-processing plants in the Ruhr and the Saarland during the next decade. One such plant (run by three partly state owned concerns: Ruhrkohle, Ruhrgas and Steag) has cost DM 60m in invesement costs alone for the conversion of 28,000 tonnes of coal annually.

Herr Karl Schmid, a technical specialist on the Board of Krupp-Koppers (a subsidiary of the Krupp steel and engineering group), reckons that it is possible to build within three years a coal-to-methanol plant capable of producing 500,000 tonnes of methanol for a basic investment of DM 450m. Bonn, however, has to register its willingness in the first place by offering to put up half that sum. If it is also prepared to tax methanol at half the rate of petrol (as it has only about half the energy value) and if imported coal prices can be kept to DM 70-80 a tonne, then methanol could become competitive with petrol as a motor fuel.

Methanol is apparently being taken seriously by German motor manufacturers, at least as a petrol "extender." Experiments in West Berlin with cars running on petrol with a 15 per cent methanol addition have so far been encouraging. The problem with methanol (and ethanol, a biomass product being tested by Volkswagen) is that it gives a poor start in cold weather, that it has a low calorific value—factors which impair performance—and that it has a low boiling point, which is a significant safety hazard.

Methanol

The Berlin project and other coal-based methanol tests are being backed by Herr Volker Hauff's Ministry of Research and Technology. It is still far from clear, however, that the Government is convinced that coal-to-liquid fuel deserves the overriding priority assigned to it by Krupp and other in the industry.

Rather the feeling (shared by some oil companies) is that oil use can more easily be reduced in residential and industrial heating. Krupp Koppers coal-into-gas plant planned for Katowice, in Poland, is intended to produce industrial heat, but on the whole the emphasis in other contracts has been on ammonia and methanol. Coal-based gas is about three times as expensive as natural gas and it will probably be many years before the substitute gas will be price-competitive.

The Bonn Government, however remains only half-convinced by the powerful arguments of the industrialists, in spite of its own extensive investment in the processes. There are at present too many imponderables for the Government to surge ahead with an all-embracing liquefaction and gasification programme. Hydrogenation plants, for example, are often vast complexes that can create environmental problems, though in Germany tight emission standards restrain much of the pollution potential.

It is also becoming increasingly apparent that if gasification and liquefaction become major energy sources in the late 1980s and 1990s, Germany will have to change its policy on coal imports. Coal imports from non-EEC countries have been kept extremely low, essentially to protect domestic producers.

German-produced industrial hard coal costs between DM 190 and DM 200 a tonne, which is well over double the price of imported coal. The price is maintained at this level principally through a complex system of subsidies designed to protect the domestic mining industry.

Industrial executives are adamant that all the basic technological problems have been solved in coal gasification technology but the question of how to limit dependence on coal imports has, in its way, raised fresh technical questions. For example, gasification projects use a great deal of coal simply to supply steam so that the process can go ahead. This "process heat" could, it is argued, be supplied by a nuclear reactor instead of coal if gasification plants could be located near nuclear power stations. But that would involve considerably more technical thought if the safety problem of uranium transport is to be resolved. Coal gasification executives say privately that there is little chance of building nuclear plant close to chemical complexes before AD 2000.

Radical

The most telling problem is whether the German economy—or other economies considering large-scale gasification — is really capable of making the radical changes needed to provide a market for the converted coal end products. Like most Western countries, West Germany is still in many spheres a cheap fuel economy and planners are reluctant to commit themselves now to processes which mean an age of expensive fuel. Will motor manufacturers really be prepared to re-order engine production to such an extent as to allow methanol to become a major petrol substitute? How flexible will the oil and natural gas companies be in distribution terms? How readily will German households and industry be able to switch their appliances from natural gas to coal-based gas?

These questions also appear to trouble the coal gasifiers, though they seem confident that overseas orders can always supply a ready market.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Football enters Italian scandal arena

By Rupert Cornwell in Rome

HARD ON the heels of Italy's latest political scandal, the country's football league championship, the abiding winter interest of the entire male population, is now threatened by a potentially devastating bribery affair of its own, in which 27 top players have been named.

Allegations that certain top players took payments to fix the results of certain league matches, could cause the present season to be cancelled, if they are substantiated.

It would also cast a heavy cloud over the European Nations Cup Finals, due to be played in Italy this summer.

Clandestine

The scandal, which has been bubbling for two months, revolves around the multi-million pound clandestine betting which takes place over league match results, alongside the official state-run football pools whose turnover is around £5m a week.

A formal statement made to Rome magistrates recently by a punter has brought matters to a head. He claimed to have staked "hundreds of thousands" of pounds with the underground bookmakers on certain matches—only to lose everything.

According to the punter's version of events, he had tried to fix their outcome by making payments of L10m (£5,400) to particular key players to "throw" the match. The players, he said, took the money but then broke their part of the bargain.

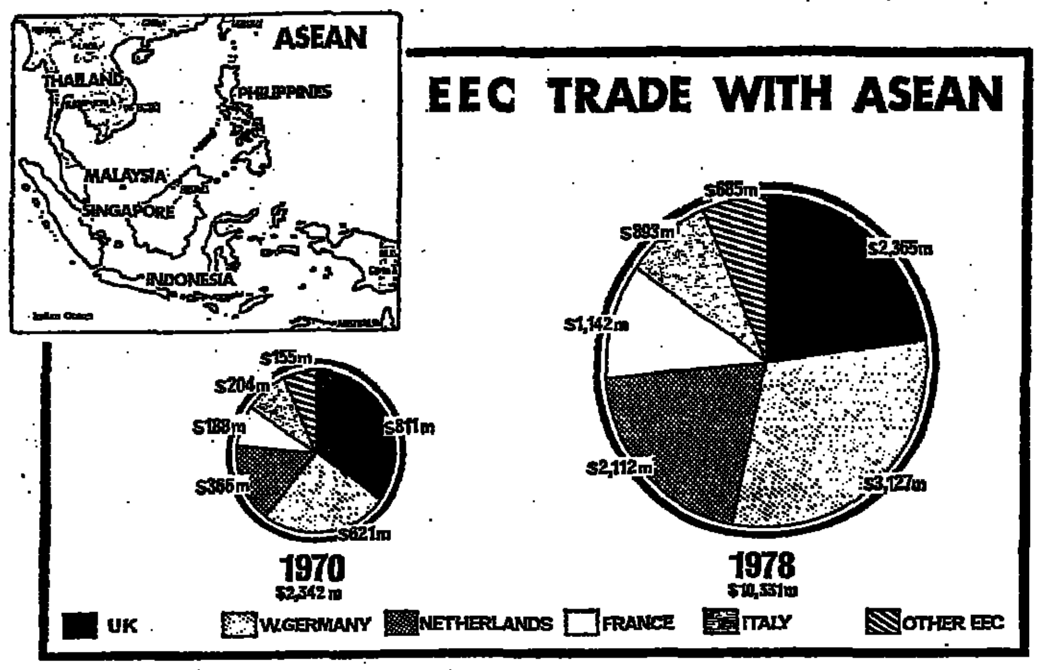
The magistrates are now investigating the case, as is the Italian Football League.

However, those named have flatly denied all the accusations.

Threatening to sue their tormentor through the courts, the players have without exception responded that the whole affair has been deliberately invented to throw discredit on the Italian soccer industry.

David Housego and Margaret van Hattem assess the economic accord between the EEC and ASEAN

Europe changing its views on South-East Asia



BRITAIN, FRANCE and the Netherlands once had sustantial colonial empires in South-East Asia. But Europe's commercial ties with a region which has one of the fastest growth rates of any in the world has been increasingly overshadowed by the dominance over its trade in the U.S. and Japan.

Europe slowly, and West Germany more rapidly, have of late been making greater inroads into the South-East Asia market. Parallel with this, the South East Asian states have been anxious to shift their trade and investments away from too great a dependence on the U.S. and Japan.

The economic collaboration agreement due to be signed tomorrow in Kuala Lumpur by the Foreign Ministers of the European Economic Community (EEC) and the five members of the Association of South-East Asian Nations (ASEAN) is intended to symbolise their joint desire for closer collaboration.

For the Community it provides a model for similar arrangements which France, in particular, would like to work out with the Gulf states. For the Association's members — Malaysia, Thailand, Singapore, Indonesia and the Philippines — it complements the framework agreements they have been negotiating with the U.S. and Japan.

In asserting their regional identity, as opposed to their individual interests, the South-East Asians hope to demonstrate the appeal of a combined market of 236m people (only slightly less than the Community) and of the wealth of their natural resources. The South-East Asians together control 83 per cent of the world's exports of rubber and 70 per cent of tin.

But increasingly important is that since Vietnam invaded Kampuchea in December 1978, they feel that only by holding together can they buttress their security against a Communist Indochina under Vietnamese (and indirectly Soviet) control. It is this political dimension which will be to the fore in the Foreign Ministers' discussions. The South-East Asian states are not seeking Western military commitments—although Britain helps individual members in training for counter-insurgency.

But they are anxious for European support in the United Nations, and other organisations for their general diplomatic stance over Indochina.

The European Community is also more ready to contribute what it can to regional stability. This follows both its growing economic stake and the obvious links between Russia's influence in Indochina and its intervention in Afghanistan.

Two years ago the Community was dismissive of the Association as a paper organisation. It has radically changed its view since the Association demonstrated its clout in its response to the Vietnamese invasion—and since it has increasingly revealed its economic strength, in sharp contrast to the devastation of industry and agriculture in Indochina. Thus the Community is looking for support from the South-East Asians for its proposals for a non-aligned and neutral Afghanistan.

In preliminary discussions before the meeting, the Association indicated it was reluctant to get into political talks. It is still anxious to preserve its original character as an economic grouping, and thus deflect charges by the Russians or the Vietnamese that it is an alliance engaged in political confrontation.

Trade with the Association's members still accounts for only 2.3 per cent of the Community's total external trade. But West Germany, in particular, followed by the Dutch and French, have sharply increased their sales and their investment. The main growth areas have been in machinery, heavy engineering, chemical industries, transport, communications and electronics.

West German exports rose from $418m in 1970 to $1.9bn in 1978, and France's from $102m to $605m. Britain, because of its strong colonial links, still accounts for a sizeable share of European sales, but its exports have risen less rapidly—from $554m in 1970 to $1.5bn in 1978.

Europe's share of the trade has dropped, however, from 20 per cent in 1960 to 14 per cent in 1978. This compares with a Japanese share of 25 per cent in 1978 and 21 per cent for the U.S.

Britain still accounts for the largest overall interest in the region, particularly in such plantation industries as rubber and palm oil. But European businessmen say it has been neglecting its assets, in comparison with the strides now being made by France and Germany.

The Community's heaviest investment is in Singapore, where it accounts for 32 per cent of outstanding foreign investment, followed by Malaysia with 18 per cent.

The economic agreement is seen as "an enabling act," providing the basis for further exchanges but not of itself generating new trade. It will give most-favoured-nation status to the signatories, although in certain areas—such as agricultural products and textiles—the association will not enjoy the same access to the European market as the African, Caribbean and Pacific (ACP) countries covered by the Lomé Convention.

There have been running squabbles with Europe over South-East Asian textile quotas, and over imports into Europe of sensitive electronics. The Community also turned down a South-East Asian request for a fund to stabilise commodity export earnings, like the one offered to the Lomé convention countries under the Stabex scheme.

But the economic agreement provides a framework for increasing investment and for regular consultations over both investment and trade. As such, it provides a bond similar to that which several European nations would like to see developed with the Gulf states.

Bonn to give loan aid to new Hoesch steel plant

By Kevin Done in Frankfurt

THE West German steel industry's repeated opposition to foreign governments subsidising ailing steel companies has been given a hollow ring by a decision in Bonn to give financial assistance for the building of a new steel plant in Dortmund.

The Federal Research and Technology Ministry, together with the state authorities in North Rhine Westphalia have agreed to give cheap loans totalling DM 240m (£60m) to the Dutch/German steel group Estel Hoesch-Hoogovens for the construction of a new steel plant in the east Ruhr area which has one of the highest rates of unemployment in the country.

Hoesch is planning to build a basic oxygen steel plant at a cost of some DM 550m, to replace eventually three existing loss-making plants. The Dutch partner Estel has warned that mounting losses at the Dortmund plants had made their future existence untenable.

At the same time the company was not in a financial position to undertake the necessary restructuring of the Dortmund plants without some form of state assistance.

At stake are an estimated 10-15,000 jobs—Hoesch employs a total workforce at its steel plants in Dortmund of some 24,000—and the loss of those jobs was clearly considered unacceptable by the federal and state governments, both of which are facing elections later this year.

The building of the new steel plant, which will have a capacity for making 2m tonnes of steel a year, compared with the 3.2m tonnes a year capacity of the plants it will replace, will involve an eventual loss of only 4,200 jobs. It is hoped that these redundancies will be achieved largely through early retirement.

The financing deal with the federal and state ministries has been worked out by Herr Detlev Rohwedder, chief executive of Hoesch, who, until he took over the German steel group, was the State Secretary (deputy minister) in the Federal Economics Ministry in Bonn. He is due to appear before the state parliament's economics committee later this month to explain the background to the loans.

The EEC budget: Britain could win the battle but lose the war

BY OUR BRUSSELS STAFF

THE BRITISH Government may yet win the battle over its net contribution to the EEC budget, but possibly at the risk of losing the war against the rising overall cost of EEC membership.

This is the view emerging in Brussels, where diplomats and Commission officials are widely predicting a 4 to 5 per cent average rise in farm support prices this year. Although Britain currently favours smaller price increases than the 2.4 per cent rise proposed by the Commission, they suggest that the UK Government already show signs of relaxing its stand in return for a politically attractive cash handout to reduce its net budget contribution.

Such a price rise would be expensive for the Community as a whole. According to Professor Stefan Tangermann, of the Goethe University in Frankfurt, a 4 per cent price rise would add 1,149m ecu (£725m) to the 1980 budget but consumer spending, which does not show up in the budget, would rise by 3,276m ecu—almost three times as much, he says.

Britain, with 20 per cent of the EEC's consumers and only 8 per cent of its farmers, would pay more than any other member state for these price rises. But Commission officials suggest that if EEC heads of government accept a plan to increase EEC spending in Britain over the next three or four years in an attempt to solve the budget dispute, the budgetary effects on the UK of farm price rises would be concealed during this period, and would not show up until the money ran out.

Despite the Commission's good intentions for restraint in farm spending, the push for higher prices is already well under way. Farmers are demanding a 7.9 per cent rise and France, the main opponent of Britain's budgetary demands, is pressing for 7 per cent.

The European Parliament, which last December rejected the 1980 budget when member governments ignored their demands for cuts in farm spending, has clearly had second thoughts. This week, its budget committee came out in favour of a 5 per cent price rise.

The Commission itself is behaving ambiguously: it is keen to push through plans to contain surplus production and has signalled that if these are accepted, it is prepared to give way on prices. While farm ministers made it clear this week they have no intention of accepting these reforms, the Commission is well known for its tendency to compromise. Despite its threats of a price freeze if the reforms are thrown out, officials predict a 4 per cent price rise.

Even the British Government appears to be hedging its bets, possibly because of a lack of co-ordination between the Foreign Office, the Treasury and the Ministry of Agriculture.

Unofficially, the possibility of a package deal on the budget—including lamb, fisheries and farm prices as proposed by President Giscard d'Estaing on French television last week—is not ruled out.

EFFECT OF PRICE FIXING OPTIONS

	Price freeze	Commission proposal (2.4% rise)	4% rise	Farmers' demands (7.9%)
	ecu			
	m	m	m	m
Increase in budget spending	755	946	1,149	1,718
Increase in consumer spending	nil	2,055	3,276	6,441
Overall economic loss for the Community	755	810	960	1,356

New Afghan campaign opens

BY OUR FOREIGN STAFF

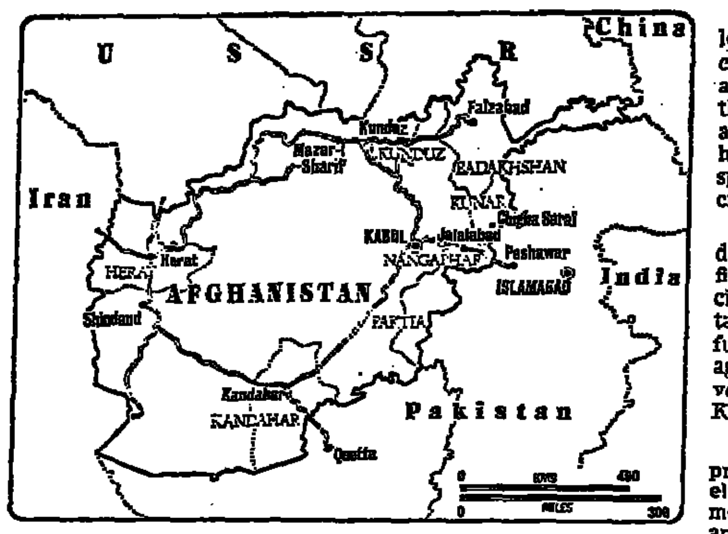
A NEW phase in the running battle for control of the Afghan countryside appears to be opening between Soviet-based forces loyal to Mr. Babrak Karmal and Moslem rebels pledged to instal an orthodox Islamic regime in Kabul.

The available evidence tends to confirm reports that the Soviet Union has ordered a new offensive against rebel strongholds on the eastern border with Pakistan. Persistent restlessness is also reported in Kabul.

On Wednesday Professor Burhuddin Rabbani, leader of the rebel alliance which links five of the six main exiled groups in Pakistan, admitted for the first time that they had lost control of much of the mountainous eastern province of Kunar.

This followed accounts of intensified ground and air activity by Government forces using helicopter gunships and artillery in the Kunar river valley and its tributaries. It was along this valley that the first main opposition to Marxist rule in Afghanistan appeared in late 1978.

The reports coincide with another exodus of tens of thousands of refugees across the border into Pakistan. In the past, such sudden outflows have proved reliable indicators of a renewed military thrust by Kabul to contain an expanding revolt.



At the same time, the rebels claim that poison gas is being dropped in Kunar as part of a Soviet-Afghan offensive. When the claim was made once before, it provoked concern in the U.S. But the reports were not verified, and Moscow has denied them.

The suggestions of an intensified Soviet effort to consolidate its grip on Afghanistan add to the confusion over Moscow's real intentions as the Western initiative to "neutralise" the country proceeds.

But the developments seem consistent with the pattern of events inside Afghanistan. Many Western accounts of unrest and resistance both in the countryside and the capital have been confirmed by reports from Soviet and Eastern bloc correspondents in the country.

In one account earlier this week, a Soviet correspondent reported "bandits" breaking into Jalalabad University and burning down its buildings. In another, a second correspondent describes how life is "gradually getting back into its stride" in the northern province of Kunduz.

Since the arrests which followed last month's disorder and chaos in Kabul, Soviet ground-to-air missiles have been seen at the airport for the first time, and Pakistan and Afghanistan have traded accusations of airspace violations by military aircraft.

Travellers from Kabul yesterday reported continuing shellfire in the northern part of the city and said the tension was tangible. There is also talk of further protests in the capital against the Soviet military intervention which installed Mr. Karmal in power last Christmas.

For the rebels, however, a productive unity remains as elusive as ever. The announcement of an alliance this week appears to represent little advance on the links forged in January, as it fails to include the most militant grouping, Hezb-i-Islami.

The groups, which conduct their political offensive against each other with the same vigour as they try to direct the rebellion against Kabul, cannot agree on a leader or on arrangements to iron out their differences.

This has left their potential backers in the Islamic world, the West and China, almost at a loss to help them in the way they now vociferously demand.

Carter and Schmidt 'agree over invasion'

By David Buchan in Washington

PRESIDENT CARTER and Chancellor Helmut Schmidt of West Germany have reached partial agreement on how the West should respond to the Soviet invasion of Afghanistan.

An official communiqué issued after Wednesday's White House talks coolly stated that the assessments by the two leaders of the Russian action were "quite close."

Herr Schmidt told journalists that West Germany stressed the "East-South perspective," meaning that action should be taken to shore up friendly countries and allies, such as Turkey and Pakistan, on the Soviet Union's southern flank, rather than turn the crisis into a direct East-West superpower confrontation.

Reports from Islamabad that the Pakistan Government had flatly rejected U.S. aid were not taken seriously here by either Mr. Carter or Herr Schmidt.

The original $400m aid proposal, to which Mr. Aga Shahi, the Pakistan Foreign Affairs adviser, took objection—again this week, was already under reconsideration, U.S. officials said.

Herr Schmidt pledged that his country would double its aid contribution to Pakistan this year and proposed a rescheduling of its foreign debt payments.

For Turkey, Bonn has pressed Washington to increase its economic aid proposal of $200m in the 1980-81 budget year to $300m.

West Germany is taking the lead in the Western aid effort for Turkey, and as a spur to U.S. action, German officials said this week they would match any American aid increase.

On Western participation in the Moscow Olympic Games this summer, the two leaders could only agree that participation in the Games "would be inappropriate as long as Soviet occupation of Afghanistan continues," according to the joint communiqué.

Correction

In a report published on February 29 and carrying the headline "Philippines breaks silence on N-plant," we referred to Westinghouse as the operator of the Three Mile Island nuclear site in the U.S. Westinghouse neither operates nor designed and built the Three Mile Island plant. We apologise for the mistake.

Brazil uses reserves to reduce borrowing

BY DIANA SMITH IN BRASILIA

THE Brazilian Government will take $2bn from its foreign currency reserves of $9.7bn to cover part of this year's domestic financing requirements and so reduce foreign borrowing needs.

The decision was taken at Wednesday's meeting of the National Monetary Council, which settled the 1980 monetary budget. This budget covers operations of Brazil's two monetary authorities, the Bank of Brazil and the Central Bank, and financing of essential agricultural, alternative fuel, regional development and housing projects.

The decision to use part of the reserves appears to have been taken because of worries that it will be considerably more expensive for Brazil to borrow abroad this year.

Although Prof. Antonio Delfim Netto, the Planning Minister, expressed optimism about his recent trip to the U.S., Britain and France, and insisted that the foreign bankers with whom he discussed Brazil's 1980 borrowing needs, accepted his estimate of needs of $12bn, this figure has been repeatedly described as too low by private bankers.

Drawing $2bn from the reserves would ease some of the borrowing pressures, provoked by heavy debt servicing, and the possibility of a trade deficit, despite the Government's intention of achieving a balance in trade.

The monetary budget, meanwhile has lately had no fixed target and expanded enormously each year through speculation in Government paper and inflated credit operations, has in 1980 been held to a growth target of 50 per cent. Bank of Brazil loan growth is fixed at 45 per cent.

The authorities have declined to give a figure for what they call a tight budget, but independent observers suggested it would be around Cr 3 trillion (million million) (29.4bn). The heaviest items will be agriculture (53 per cent of allocations) and export financing (18 per cent), reflecting the Government's 1980 priorities. Funds for export will grow by 93.5 per cent over 1979, and agriculture funds by 55 per cent.

The alcohol programme, destined to convert motor vehicles gradually to use cane ethanol, will receive Cr 25bn (£245m) in 1980, compared with Cr 3.2bn last year, reflecting another major priority. The 1985 target is annual production of 10bn litres of cane ethanol with 1.2m cars using this mixed fuel on the roads.

Congress agrees to phase out interest rate ceilings on savings

BY STEWART FLEMING IN NEW YORK

A CONGRESSIONAL conference committee has agreed on proposals to phase out interest rate controls on deposits at banks and thrift institutions such as savings and loan associations which finance the bulk of the U.S. housing market.

The move comes amid mounting evidence of widespread structural change in the U.S. financial markets. This is the result of regulations restricting the rate of interest which depositors investing under $100,000 are permitted to earn.

These changes, which include the startling growth of alternative deposit vehicles such as money market mutual funds offering unregulated interest rate returns to small depositors, have put increasing pressure on some thrift institutions for freedom to offer better returns.

In June, 1978, the Federal Reserve Board first approved the issue of a new form of Treasury Bill interest rate-related savings instrument to help thrift institutions and banks retain deposits.

While these six-month certificates and subsequent similar innovations for long maturities have been highly successful in helping depositary institutions retain funds, it has become increasingly apparent that such stop-gap measures have created new problems in themselves.

It is partly because of this, but also because of the political attractions of being seen to be offering savers (and voters) a fairer deal that pressure for regulatory change eliminating interest rate ceilings has grown.

Significantly, however, the Congressional proposal will only phase out interest rate ceilings over a six-year period. The sudden removal of interest rate ceilings would lead to an even more abrupt rise in the cost of funds to banks and thrifts at a time when the thrifts in particular are burdened with most of their loans have been made at rates of interest well below those necessary to pay depositors for funds. Already this has hit the profits of many mutual savings institutions.

More optimism on S. Africa economy

By Bernard Simon in Johannesburg

FORECASTS OF South Africa's economic performance during 1980 have been revised upwards by the Government and private sector economists.

The greater optimism springs from the effect of the continuing high gold price on the balance of payments and an unexpectedly strong surge in consumer spending.

Standard Bank says in its latest economic review, published yesterday, that even without further deliberate stimulation, the economy "now appears capable of generating a growth rate well in excess of 3 per cent" this year, against 3.5 per cent in 1979.

In his railway budget speech on Wednesday, Mr. Chris Heunis, Transport Minister, predicted a real growth rate of slightly more "than 5 per cent over the next 12 months."

The first two months of the year have seen an unexpectedly strong rise in consumer demand. Food sales are increasing for the first time since 1976, and overall retail sales volumes have risen at an annual rate of over 4 per cent.

The main problem at present is inflation, at present running at an annual rate of about 14 per cent.

Iran oil production falls again

BY SIMON HENDERSON IN TEHRAN

IRAN'S OIL production has fallen to about 2m barrels a day during the past week — two-thirds of the officially stated figure—amid fresh reports that the oil industry is feeling the effects of the lack of spare parts and foreign experts.

A confusing aspect of the latest official but unpublished figures is that it does not appear after checks with customers that contract volumes for export have been affected.

This has led to speculation in Tehran that the volumes negotiated have been overstated.

The fall in the past seven days is a further drop on the total production two weeks ago of 2.4m b/d. Then, it was believed that output had been affected by floods and sabotage. Until six pipelines were blown up yesterday, there had been no bomb explosions in the past week.

According to Mr. Ali Akbar Moinfar, the Oil Minister, the latest blast will only reduce input to the Abadan refinery by 10 per cent (50,000 b/d) and will not affect exports.

A letter published in the Persian-language newspaper, Islamic Revolution, however, indicates that Iran's oil industry is in increasingly bad shape.

The letter, sent from the Council for Oil Industry Employees in Ahwaz, the main city in the oil producing province of Khuzestan, calls the industry "ailing."

A contributing factor to the low oil production is said to be the present lack of movement on the spot market where the price is around the official Iranian price of $31 per barrel.

Less than half the present production of 2m b/d is being used domestically. Exports consist of the offshore production running at about 400,000 b/d, and shipments from the Kharg Island terminal.

Before the Revolution, it handled nearly 6m b/d, but loaded an average 816,000 b/d last week.

Knesset rejects UN resolution

BY OUR TEL AVIV CORRESPONDENT

THE ISRAELI Knesset (Parliament) followed the lead of Mr. Menahem Begin, the Prime Minister, yesterday, and rejected the UN Security Council resolution which called for the dismantling of Jewish settlements not only on the West Bank and in the Gaza Strip but also in Arab East Jerusalem.

In a voice quivering with emotion, Mr. Begin again proclaimed the "inalienable right" of Jews to live in the West Bank and on the Gaza Strip. He dismissed the call to tear down Israeli housing developments in Jerusalem as "barbaric."

Mr. Begin was politely scathing about the U.S. performance in which American support was first thrown behind the resolution only to be retracted two days later by President Jimmy Carter.

Mr. Begin said the UN resolution was invalid as far as Israel was concerned. "We shall continue to act in accordance with our rights and national interests," he warned.

The Knesset voted 52 to 37 in favour of Mr. Begin's statement.

New type of oil platform for Gulf of Mexico

By Martin Dickson, Energy Correspondent

A NEW type of offshore drilling and production platform—the so-called guy tower—is to be installed in the Gulf of Mexico by Exxon, the U.S. oil major. It will be the first commercially-used guy tower in the world.

The guy tower is one of several new types of platform designed to solve the problems of producing oil from deeper offshore waters.

It rests on the seabed in the same way as a conventional platform but is held upright by guy-lines radiating outwards.

The 1,300-foot-high structure, costing more than £250m, will be placed in 1,000 feet of water in the summer of 1983. It will lie 65 miles south-east of Grand Isle, Louisiana.

Exxon's decision to go ahead with a commercial guy tower follows the testing of a one-fifth scale model which it installed in the Gulf of Mexico in late 1975. The commercial version will have a three-level, 75,000 squares feet deck similar to existing designs.

Although the guy tower seems capable of operating in water depths of up to 1,200 ft or more, several other floating production platforms are being developed for use in deeper North Sea waters.

These include the tension leg platform, a floating structure anchored to the seabed by vertical mooring lines and capable of operating at depths of up to 2,000 ft. Continental Oil (Conoco) is planning to install a tension leg platform in the North Sea's Hutton Field in 1983.

Brown unveils plans to defend Gulf

BY DAVID BUCHAN IN WASHINGTON

IT WOULD take the U.S. two weeks to move a 18,000-man airborne division to the Gulf, but it plans to station supply ships there permanently, Mr. Harold Brown, the Defence Secretary, said yesterday.

But the Defence Secretary, in a speech to the Council on Foreign Relations in New York, in a private organisation, made it clear that the U.S. did not expect to act alone if the Soviet Union attempted to restrict Western access to Gulf oil.

"We cannot hope, nor do we plan to defend, peoples in the region who will not defend themselves."

He went on to note that major U.S. allies—Japan, France and West Germany—obtained half or more of their oil from the Gulf, that France had long maintained a significant naval presence in the Indian Ocean, and that the U.S. was improving facilities on the Indian Ocean island of Diego Garcia which is on long-term lease from Britain.

At the same time, Washington is seeking, but has not yet finally got, the use of occasional air and naval facilities from some littoral states around the Indian Ocean rim.

The Carter Administration has made clear that its beefed-up military presence in the region, already much greater than a year ago and planned to increase further, is not connected with prolonged crisis over the U.S. hostages in Iran.

The Defence Secretary gave new details of how the U.S. intends to plug the short-term gap in its capacity to quickly reinforce the Gulf area until bigger and longer-range cargo aircraft are built.

A seven-ship force of cargo and tanker ships, he said, was being assembled. These would be loaded with advance equipment for a 10,000-man brigade of marines, and would be stationed "within a few days' sailing distance of the Gulf-Arabian Sea area." In an emergency, they would then join up with men and planes flown in directly from the U.S. or Europe, at some port like Mombasa in Kenya or Berbera in Somalia, where the Administration is seeking facilities.

MX missile cost queried

WASHINGTON — A Congressional report yesterday on the new MX mobile missile system, due to be deployed in the U.S. in 1986, said it would cost about $60bn and questioned whether the country could afford it.

The report, by the General Accounting Office (GAO), also questioned whether the system could be deployed by July 1986 as planned, citing possible difficulties in getting the land needed and other potential problems.

The MX missile, carrying 10 warheads, is due to be deployed on underground rail loops in the western States over an area of 5,400 square miles. A missile would be shunted between various launching pads along the rail loop to make it difficult for an enemy to hit it.

The Air Force has estimated the cost of the project at 1978 values at $33bn but the GAO reported the project was now estimated to cost $60bn.

Reuter

Giscard scores resounding success in the Gulf

BY ROBERT MAUTHNER IN ABU DHABI

PRESIDENT Giscard d'Estaing's tour of the Gulf, where he has paid official visits to Kuwait, Bahrain, Qatar and Abu Dhabi, has turned out to be a resounding diplomatic success, despite the conspicuous absence of welcoming crowds.

The joint communiqué published after his visit to Kuwait, in which France, for the first time, put its signature to an official document calling for the "self-determination" of the Palestinian people, has set the tone for all the subsequent stages of the tour.

Both the communiqués published after his visits to Bahrain Qatar and Abu Dhabi made the same point, though stressing that Palestinian self-determination could occur only in the context of a global Middle East peace settlement.

The announcement of France's further shift towards the Palestinian position was perfectly timed to coincide with the more discreet re-orientation of the policies of other Western countries on the Palestinian problem.

Above all, it was made in a region where Palestinian refugees make up a substantial proportion of the population and could not, therefore, fail to make a big psychological impact.

France's prestige in the Gulf, not to speak of the other Arab countries, has undoubtedly received a boost. While Britain has been working quietly behind the scenes to redraft UN Resolution 242 in a way which would spell out more clearly the right of the Palestinian people, France has reaped the benefit of the bold use of a term which has been enthusiastically hailed in the Gulf as a significant step forward.

The French have succeeded in persuading the leaders of the Gulf States that they have gone further than other Western countries in their support of the Palestinian cause and have scored more points by the statements issued in Bonn and London backing their position.

All this goes to show what effect the judicious use of the right words in the right place can have on official and public opinion. Even the Camp David agreements recognise the Palestinians' right "to participate in the determination of their own future," a phrase only marginally weaker than "self-determination."

Even the representative of the Palestine Liberation Organisation in Paris has indicated that "self-determination" begs a number of important questions. Does it, for instance, apply to all Palestinians scattered around the Arab world, or is it applicable only to those living on the West Bank of the Jordan and the Gaza Strip?

While welcoming the French announcement as a "positive initiative," the PLO representative in Paris has said it must be followed by a more explicit statement that the Palestinians should have their own independent State.

The French recognise that a solution to the problem cannot be taken much further until after the conclusion of the Israeli-Egyptian-U.S. negotiations on Palestinian autonomy on May 26.

Meanwhile, it would be surprising if President Giscard, who is due to pay an official visit to Jordan tomorrow and Sunday, does not take further steps to establish closer contacts with the PLO.

It appears improbable that the French President will meet Mr. Yassir Arafat, the PLO leader, during his stay in Jordan, but this does not exclude other high-level contacts between the two sides.

M. Jean Francois-Poncet, French Foreign Minister, who is accompanying President Giscard, may use the occasion to prepare the way for an early visit to Paris for Mr. Arafat.

The French have made it clear they are not opposed to such a visit in principle, but that the moment must be carefully chosen to allow progress to be made towards a solution of the Palestinian problem. In the eyes of the French, that moment is fast approaching.

Our Foreign Staff writes: Other members of the European Community are somewhat irritated by the political kudos in the Arab world that President Giscard has won by calling for the "self-determination" of the Palestinian people.

Last September, Mr. Michael O'Kennedy, Irish Foreign Minister and then President of the EEC Council of Ministers, on behalf of the Nine, spoke of "the Palestinian people who are entitled within the framework set by a peace settlement to exercise their own rights to determine their own future as a people."

More recently, there have been the British-led moves in the EEC towards securing an amendment to UN resolution 242 that would recognise the Palestinian right to self-determination.

Colombia guerrillas follow the path of political tradition

BY SARITA KENDALL IN BOGOTA

THE ECONOMIC facts about Colombia might make the week-long siege at the Dominican Republic's Bogota embassy seem an aberration in a prosperous society.

Colombia, in the north-west of South America, is the world's largest coffee exporter after Brazil. It has enviable reserves of over $5bn, a growth rate of 7 per cent a year, and excellent credit ratings where it matters.

Last year's coffee exports topped 11m bags, a record, and the vast mineral and land resources are only beginning to be exploited. With more than half the 27m population living in urban areas, and an increasingly diversified industrial structure which contributes nearly 30 per cent of the gross domestic product, Colombia has earned itself a place among the World Bank's "semi-industrialised nations," with Argentina, Brazil and Mexico.

Not only are Latin America's endemic wealth-distribution problems apparently less severe in Colombia, but the guerrillas of the M-19 (Movement of April 19) are challenging what at first sight is a freely elected Government in a continent dominated by military dictatorships.

But Colombia's seeming stability is seriously undermined by a bloody tradition of political violence, which has led to increasing military encroachment on government and widespread voter apathy. M-19 is one of four main guerrilla organisations. The political violence is matched by the growth of organised crime, which is responsible for a drug trade worth $3bn a year, according to U.S. officials—equal to Colombia's total legal exports.

Violence and politics have been inextricably linked. The murder in 1948 of Sr. Jorge Eliecer Gaitan, a Liberal Party leader, began a 10-year civil war in which more than 250,000 died as Liberals and Conservatives slaughtered each other indiscriminately.

To try to stop the killing, the two parties agreed in 1958 to take power alternately for 16 years. With no real choice in elections, and now the attitude of most abstainers is cynical. A corner shop owner in Bogota, the capital, reflects the opinion of many: "It's the same people with the same promises. I've never seen any results, and I'm not giving anyone my vote."

As a result of the high abstention rate, President Julio Cesar Turbay has the support of less than a quarter of the electorate, and voting in Sunday's local government elections is expected to be low.

Only five days before the Dominican Republic Embassy was seized, Sr. Turbay said the few vestiges of violence remaining in Colombia offered no serious threat. Soon, after the take-over, politicians were urging their followers to vote in the elections to save the country's democratic institutions.

Herr Edgar Selzer, Austria's Ambassador to Colombia, after his release yesterday from the besieged embassy in Bogota.

Regardless of how the embassy siege ends, the event will have a major impact on Colombian political life, and could well lead to a change in government.

Ever since Sr. Turbay assumed the presidency in 1978, the armed forces have been increasing their power and moving further into politics. They are armed with a security law which gives them carte blanche to arrest virtually anyone anywhere in the country. The armed forces have fought an intensive anti-guerrilla campaign, questioning thousands of prisoners and ill-treating enough of them to bring down an avalanche of accusations of human rights violations.

Students were the first victims, but after M-19 announced its theft of 4,700 weapons from a barracks in January, 1979, the drive against "subversion" began in earnest, and more than 400 suspected guerrillas were put on trial during the year.

Sr. Alfredo Vasquez Carrizosa, the former Conservative Foreign Minister and Ambassador to London, heads the Colombian Committee on Human Rights. He comments: "We are living in a period of institutionalised violence. We have siege legislation. But what is new is the systematic military repression in the cities." A team from Amnesty International, the London-based human rights organisation, visited Colombia in January, and thoroughly researched several alleged torture and murder cases. The Government denies the existence of torture and political prisoners, justifying the severe security law by pointing to guerrilla activity.

The armed forces have also been policing drug trafficking zones, in particular the Guajira region, where shipments of several hundred tons of marijuana have been captured. Marijuana growing has become an important source of employment and income on the Caribbean coast east of Santa Marta. The country is also a big cocaine processing and export centre, and, although most coca is grown further south, in Peru and Bolivia, a coca plantation was recently discovered in south-eastern Colombia.

The economic distortion and corruption caused by such an inflow of contraband dollars is so serious that several establishment figures have advocated legalising marijuana. Foreign bankers claim they cannot compete with local financial organisations handling "hot money." The Government, in its attempt to control the money supply, has put severe restrictions on credit — indirectly strengthening the illegal loan market.

Sr. Ernesto Samper Pizano, president of the Association of Financial Institutions, affirms that "Those who have made their money in the underground economy are now trying to buy political power." A seat on the Santa Marta council costs about $70,000." The Justice Ministry confirms there are some "Mafia" candidates, but declined to give specific names.

That it should be so easy to buy a political badge can be explained only by the stagnation and bureaucratisation of the two traditional parties. Both the Liberals and the Conservatives are split into factions fighting for internal leadership, and in Bogota alone the Liberals—President Turbay's party—are running more than 15 sets of candidates. The opposition is also divided into three main groups, and has won a very small percentage of the vote in the past.

In an attempt to guarantee clean elections, the Government has sacked nine state employees in the state of Barranquilla for showing marked partiality, and the Interior Ministry promises voting will go ahead regardless of requests for postponement in some areas.

YOU BUILD YOUR EMPIRE WE'LL MANAGE YOUR BUILDING PROJECT.

The construction of a new building, or the modernisation of an existing property, is very much like the running of a large company.

Both require the resources and expertise of a vast number of professional skills.

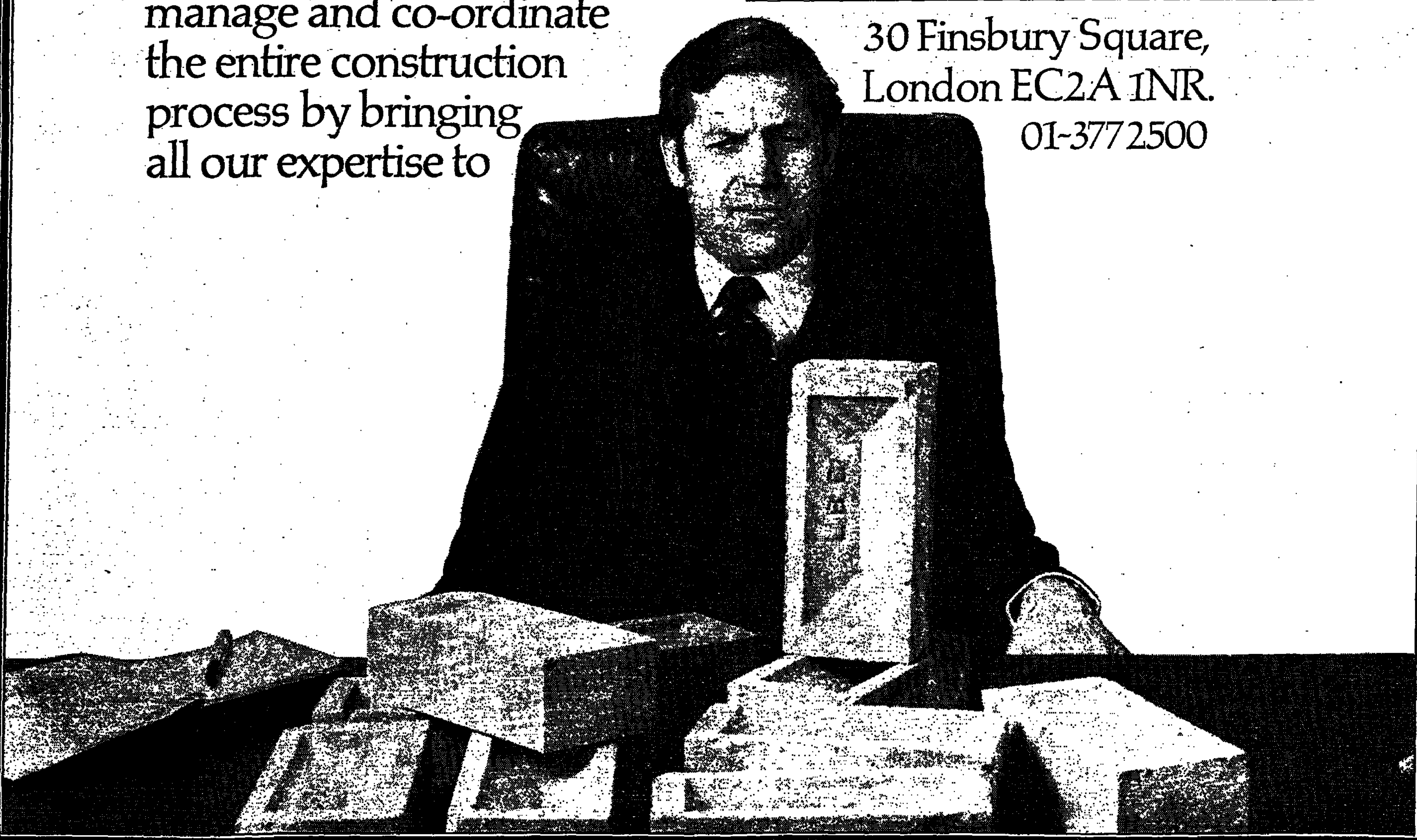
In the world of construction, the bringing together of all these skills is the job of the management contractor – Trollope and Colls Management.

Our function is to manage and co-ordinate the entire construction process by bringing all our expertise to bear upon those carrying out the work – thus ensuring that your project is completed on time, within an agreed cost and to the highest possible quality and technical standards.

In short, our job is to lift from your shoulders the unfamiliar and unnecessary worry of managing the building project – leaving you and your colleagues free to manage your empire.

TROLLOPE & COLLS MANAGEMENT LTD.

30 Finsbury Square,
London EC2A 1NR.
01-377 2500



Soviets complain about Polish goods

BY CHRISTOPHER BOBINSKI IN WARSAW

A SENIOR official at the Soviet Embassy in Warsaw has told *Polish companies* that the quality of Polish goods sold to the Soviet Union must improve and delivery delays must be shortened. Mr. Boris Koltunow, the Soviet trade counsellor here, was speaking at a meeting of Polish exporters to *his* country and his remarks are *reported in the Polish trade* paper Rynki Zagraniczne.

Trade relations between Comecon countries are usually presented in rosy colours, in public at least. The fact that some of Mr. Koltunow's critical speech has been *published*, shows the urgency of the problem.

Mr. Koltunow said that Polish delays were hurting Soviet industry, especially where co-operation agreements are concerned. In 1979, a quarter of the Polish spare parts delivered arrived late, he said. Also there are "reservations *as to the* quality and technological level *of the goods exported* to the Soviet Union. Although only 0.03 per cent are rejected as sub-standard, the level of the turnover is such that this figure must be taken seriously," the paper writes.

The value of trade turnover last year between Poland and the Soviet Union reached Roubles 7.6bn (£2.4bn) and this is due to go up to Roubles 8bn this year. Polish officials claim, however, there are delays on both sides. By November last year, the value of scheduled Soviet goods still undelivered was Roubles 160m, while the *Polish shortfall* stood at Roubles 240m.

The issue is clouding talks on mutual trade during the 1981 to 1985 five-year plan. For example, there are delays on a 300 kilometre-long section of oil pipeline being built by Poland which is to carry oil from *Western Siberia to Nowopolock* in European Russia. Such contracts are designed to guarantee Poland's future supplies of Soviet oil but, as of last month, only a third of the Polish section of the pipeline had been laid while it is scheduled to be finished by *September*. The delays are making negotiations *over similar future contracts* difficult and the Soviets are arguing that the price they pay for pipeline construction should be reduced.

● A Soviet delegation will arrive here today for talks on the amount and price of Iranian gas supplied to the *Soviet Union, Reuter reports* from Tehran.

Iran is seeking a fivefold price increase and has also reduced its yearly supplies to about 4.5 bn cubic metres from 27 bn under the former Shah's rule.

East-West German trade rises by 12%

By Leslie Colitt in Berlin

TRADE BETWEEN East and West Germany expanded 12.1 per cent last year to reach DM 9.8bn (£2.45bn), an above-average rise of DM 1bn over 1978 in the exchange of goods and services between the two countries. West Germany regards the trade as internal commerce because it is free of tariffs and uses a special unit of account based on the Deutsche Mark while East Germany lists it under foreign trade.

East Germany was able to reduce its trade deficit with West Germany to DM 300m *last year from DM 700m* in 1978 by a 17.8 per cent surge in East German *deliveries*. This was largely accounted for by a sharp rise in the price for East German oil products, *delivered mainly to* West Berlin.

West Germany delivered crude oil to East Germany worth DM 349m or 42.6 per cent more than in 1978. East Germany shipped back refined oil products worth DM 1.2bn or 86.2 per cent more than 1978.

West Germany's sales to East Germany *rose 7.1 per cent in* the past year. East Germany's cumulative accounts payable rose to DM 3.9bn, including the DM 850m interest free "swing" credit from West Germany.

The German Institute for Economic Research (DIW) in West Berlin notes that the expansion in intra-German trade *resulted mainly from* price rises which in real terms amounted to a decline in the value of trade of 5 per cent, excluding services.

West German deliveries of DM 5.1bn to East Germany rose 7.1 per cent but showed a sharp decline of 24 per cent in machinery and electrical engineering products *because of the completion of* several large West German industrial projects in East Germany. However the West German Economics Ministry says that in the course of 1979 a number of smaller and *medium sized contracts were* signed with East German companies which should lead to more sales of West German machinery to East Germany this year.

Japan investment mission concerned by UK labour problems

BY FRANK GRAY

A MISSION of Japanese businessmen has expressed concern over the state of Britain's industrial relations and will closely examine this problem during the course of an 11-day visit which ends March 15, and which will include a visit to Trades *Union Congress officials.*

"What interests us most is *whether this country* is an appropriate place for Japan to invest." Mr. Toshikazu Hashimoto, an adviser to Japan's Ministry of International Trade and Industry (MITI), told a Press conference yesterday.

However, at the same time, he discounted a finding in a report by Technova a Tokyo consultancy, that Britain is low on a list of countries in which Japanese industry should invest, *saying that* "if I took that view, I would not be here."

Mr. Hashimoto said that no deals were expected to be signed during the fact-finding visit.

He did stress that Japan was *interested in augmenting its* investment presence in Britain and elsewhere "in order to forestall protectionism," and any expansion into the UK would be aimed at serving both the domestic and European marketplaces.

At the *moment*, there were some 20 Japanese manufac*turing companies* in the UK, employing about 5,500, all of which he said were doing well.

The mission's visit coincides with the opening in East Kilbride last night of trade offices by Marubeni, Japan's third largest trading corporation. It marks the first time any such *Japanese trade offices* have been opened in Britain outside London.

The mission will visit Marubeni's new premises and will also visit a number of UK and Japanese companies based *here, including Sony, Sekisui* and Daiwa Sport.

It will also meet the Confederation of British Industry; Mr. John Nott, the Secretary of State for Trade; and Lord Trenchard, Minister of State for *Industry, before returning to* Japan.

Tokyo trade official for Washington

TOKYO—Japanese Government representative for External Relations, Mr. Takeshi Yasukawa will go to Washington on March 19 for talks with U.S. officials on economic and trade relations between the two countries.

Mr. Yasukawa said subjects to be taken up will include the opening to foreign bidders of purchasing by the semi-official Nippon Telegraph and Telephone Corporation and trade *friction arising out of the* rising Japanese car imports into the U.S.

In Washington U.S. International *Trade Negotiator* Reubin Askew warned yesterday that Japan's major motor manufacturers have to do more about investing in U.S. plants than they have been willing to do thus far. If the U.S. and Japan are to defuse an increasingly serious international trade problem.

Mr. Askew met Mr. Naohiro Amaya, *Japan's Vice-Minister* of International Trade and Industry (MITI). However, U.S. officials said that Mr. Askew did not threaten that the U.S. would take action to restrict car and light truck *imports from Japan.*

Agencies.

Small exports scheme widened

Financial Times Reporter

MIDLAND BANK International is extending the scope of its smaller exports scheme, to coincide with a major marketing campaign for the scheme.

The maximum annual export turnover for an exporter to qualify is increased from £100,000 to £250,000 and the *maximum value for individual* transactions has been raised from £10,000 to £15,000. At the same time the scheme is now widened to embrace exports transacted on an open account basis without bills of exchange.

The main benefits of the scheme are: exporters do not *need to take out* ECGD insurance since the bank takes out its own cover; simpler financing procedures and paperwork; fixed interest costs; *finance without recourse to the* exporter provided he fulfils his obligations; finance for exports without affecting existing banking facilities.

Turkish banks aid export drive

BY METIN MUNIR IN ANKARA

MAJOR commercial banks in Turkey have started increasing funds they allocate to the pre-financing of exports, a relatively new and not widely used mechanism which may improve the country's poor export performance.

The development comes in *the wake of new incentives* introduced by Mr. Suleyman Demirel, the Prime Minister, to make exporting more profitable than selling on the hungry domestic market.

The latest example of the *shift comes from Garanti*, a leading bank controlled by Koc *and Sabanci*, the country's biggest private industry groups. Garanti announced that it would allocate Turkish lira 5bn (£32m) of its total deposits of TL 17bn *to the pre-financing of exports.*

Mr. Yavuz Canevi, the bank's deputy manager, told the Financial Times that it was "flooded" with applications.

Companies extended loans *after providing the bank with* export orders which are screened by a special committee. Customers are charged 6.5 per cent commission on top of the going interest rate for short-term loans.

Mr. Canevi said his bank was in contact with DeutscheBank, American Express and Citibank for discounting export sales contracts; another new and hardly used mechanism in Turkey. He would soon talk to *representatives of Lloyds on* this matter. Garanti would take on the non-performance risk.

The reason why Garanti and other banks are beginning to concentrate on exports is that for the banks too, there is *money to be made in this* field. A new decree by the Government allows Turkish banks to retain 80 per cent of the foreign currency they deal in for financing imports.

David Tonge adds: West Germany and Turkey have signed a tourism co-operation agreement in Bonn. Signed by Herr *Hans-Diechter Genscher*, the West German Foreign Minister, and Mr. Barlas Kuntay, the Turkish Minister of Tourism and Information, the agreement is designed to promote investment *in* Turkey's *little-exploited tourist potential.* It will also promote the training of Turkish tourist personnel and organisers and develop economic co-operation between tourist organisations. West Germany, which provides more *tourists to Turkey than any* other country, is leading Western attempts to put together an emergency package to help the Turkish economy.

Ankara accord with BP, Mobil

BY METIN MUNIR

THE STATE-OWNED Turkish Petroleum Company (TPAO) has *signed a processing agreement* with British Petroleum and Mobil for their share in the Atas oil refinery on Turkey's eastern Mediterranean coast.

BP holds 17 per cent and Mobil 51 *per cent of the shares* of Atas, which is Turkey's second biggest with a 4.4m metric tonne refining capacity per annum. The rest of the shares are owned by Shell, which is continuing to process crude it *extracts from indigenous* sources, and a small Turkish company.

The duration of the agreement, the details of which are *unavailable, is three months.* Some technical details are yet to be worked out; however, TPAO has already started refining in Atas.

Under the agreement the refining capacity belonging to BP and Mobil will be used by TPAO, which will secure its own crude. *Distribution will be* handled by the Turkish com*pany, which leaves open the question of the supply of BP* and Mobil petrol pumps.

Atas *has* been a source of trouble for Turkish governments since the early 1970s over the price of crude imports made by the foreign partners. On many occasions *BP* and *Mobil have* refused to import because prices *offered* by Turkey were considered to be too low. The under-capacity operation of Atas has been partly responsible for oil scarcity in Turkey.

Turkey owes BP about $50m for crude refined in Atas and *imported products.*

Leslie Colitt reports on Berlin's travel fair
Chasing the tourist DM

SELDOM HAVE so many potential German tourists been wooed so intently by so many travel industry representatives as at this week's International Tourism Exchange in Berlin.

West German tourists—who now spend more money abroad than Americans—are the magnet that lures the travel world to Berlin each year in hopes of siphoning off some of that spending power.

According to IMF statistics West German tourists spent $14.5bn abroad in 1978 compared with $8.5bn by U.S. tourists and $3bn by UK tourists.

A quarter of the guests at the pricey Nassau Beach Hotel, in the Bahamas, are now West Germans, and Mr. Bernard Dromgoole, *sales manager for* Trust House Forte Hotels in Frankfurt *says the long-distance* traveller from West Germany and other continental countries is demanding, but he stays longer than Americans and is a good spender.

Foreign travel is regarded as a basic right by a large segment of the West German population. Overall, travel office bookings for the coming summer are down 1.2 per cent from *last year, but at this time last* year the severe winter had driven West Germans on holi*days in record numbers. Such* vagaries make statistics difficult *to evaluate*, but air charter operators who carry West German travellers to foreign destinations note that bookings for the summer are down 7.9 per cent.

Some travel agents believe the surcharges being levied by some tour operators because of aircraft fuel price increases are causing many West Germans to book early this year. Under national law, package tour price increases only become effective four *months* after the customer has received his confirmation.

Nevertheless, while Herr Wolfgang Hubert of Condor, the largest German charter airline, *says this may turn out to be a* record year in passenger numbers. *profitability is another* matter. Fuel surcharges will hit the hardest in the Spanish resorts of the Canary Islands, the Costa Brava and the Costa Blanca, he notes, while Majorca and Ibiza, where prices have *not gone up as much*, remain popular. Tunisia is said to have doubled the number of German bookings for the summer, while Greece has gained *as well.*

Tourism is also up to Romania and Bulgaria where three weeks *at Black Sea resorts are now* being offered for the price of two last year, and among other East European countries, Hungary is gaining in popularity among Western Europeans.

"The long-distance destinations are profiting especially," Herr Hubert explained, "be*cause for the same price as you* pay for four weeks in Las Palmas (Majorca), you can now get Mombasa (Kenya), and with the best service."

Britain's Dan-Air, which calls itself the largest independent operator in the European air charter market, says 20 per cent *of its business stems from West* Germany where it has 60 per cent of the lucrative West Berlin market, which can only be served by aircraft of the three Western allies.

As for the UK, representatives of British hotel chains at the fair say the rise of the pound has *inevitably* led to a fall in the number of European shoppers visiting London on shoestring budgets, but that the level of business visitors remains high, as are hotel bookings by Europeans planning to *tour Britain by car.*

Lords rule against cigarette lottery

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

IMPERIAL Tobacco's controversial Spot Cash lottery promotion for cigarettes was ruled unlawful by the Law Lords yesterday.

The five Lords unanimously overturned an Appeal Court ruling made by Lord Denning a year ago, that the lottery was lawful.

The Lords' decision represents another major rebuff for Lord Denning, who has had his judgments overruled on several occasions in recent months, most notably in the trade union bid to widen the steel strike to the private sector.

But the Lords' ruling has considerable repercussions for both the tobacco industry and the retail sector. With the probability of tougher controls on advertising to be announced soon promotions such as the Spot Cash instant lottery were seen by the tobacco companies as an important means of promoting brand loyalty.

In addition some retailers—especially in the grocery trade—were considering whether to launch similar lottery schemes to help boost sales in particular stores.

Key Markets, which has been running a lottery since the beginning of the year, said last night its was continuing its promotions since it believed its lottery was lawful as it was freely available to anyone, not just customers who had bought goods. Imperial's lottery was generally only available to people who had bought cigarettes.

Imperial Tobacco said in spite of the Lords' ruling it believed the Law Lord's had "vindicated" the company's actions. "We believe that in all the hearings the judges in effect acknowledged that the company had always acted in a reasonable and responsible manner," the company said.

The dispute arose in the autumn of 1978 when the "price-war" between cigarette companies was most bitter. Imperial, which had been late in switching its production to king size cigettes in line with the change in consumer demand, developed an instant lottery promotion to boost sales.

The lottery involved the distribution of more than 260m packets of cigarettes under the John Player brand each containing special cards. These cards had "windows" which, when rubbed with the edge of a coin, revealed whether a prize of up to £5,000 had been won.

John Player's cigarette sales increased by more than a third after the scheme was introduced and this led Imperial's rivals, British-American Tobacco, to complain to the Attorney-General that it contravened the lotteries laws.

The Attorney-General passed the complaint to the Director of Public Prosecutions, and as a result Imperial Tobaco and four employees were prosecuted.

Before this case could be heard in the criminal courts, Imperial sought a civil court ruling that the lottery was lawful. The High Court ruled that the lottery was unlawful but this was subsequently reversed by Lord Denning in the Appeal Court. Lord Denning strongly criticised the "out-of-hand way" that the criminal prosecutions had been brought.

Imperial, which had stopped the lottery pending the criminal case, then continued the promotion until late last year.

Yesterday, the Law Lords made clear the crucial distinction in the case as whether Imperial's lottery was a free one. Viscount Dilhorne held that the potential prize card was not given free to a buyer of the special packs.

No order was made as to costs.

Oil platform order for Howard-Doris

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ANGLO-FRENCH offshore construction group Howard-Doris yesterday announced an order to build a single-point loading platform for Phillips Petroleum's Maureen field.

The order is thought to be worth £10m.

The 430 foot high structure will take oil from the production platform and load it into tankers.

Several such systems are already working in the North Sea. But this will be the first built mostly of concrete, which has gone out of fashion for offshore construction.

The design was originated by Equipements Mecaniques et Hydrauliques of France.

The platform will be in two parts: a base on the seabed and a cylindrical tower linked to it by an articulated joint.

Mr. Albert Granville, chairman and managing director of Howard-Doris, said it would be cheaper than a comparable steel structure and need less maintenance.

The flexible joint would make it more stable in rough weather, enabling tankers up to 85,000 dwt to load at 20,000 barrels an hour.

Howard-Doris plans to build the platform at the Loch Kishorn construction yard, Wester Ross, where it is already building the steel deck for the Maureen production platform.

The loading platform will be built and assembled horizontally in dry dock. It will be tilted upright nearby, so surface equipment, such as the loading arm and helicopter deck, can be fitted. Completion is due in summer 1981.

It may winter at Kishorn, so it can be towed to the field, south-east of Shetland, with the production platform in early 1982.

Mr. Granville said employment at Kishorn would be stepped up from 600 to a peak of 1,000. This would make a big contribution to relieving the 20 per cent unemployment in the West Highlands and the Isle of Skye.

Work session for alcoholics

ALCOHOLICS in some British factories are being given the chance to hold lunchtime meetings. Alcoholics Anonymous has negotiated with several unions and managements that have agreed meetings should be open to any employee who believes they may have a drinking problem.

The meetings will be organised by AA members who are themselves employees of the companies concerned.

Capital account surplus

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK had a surplus on the combined current and capital accounts of its balance of payments of £1.71bn last year, following a deficit of £1.13bn in 1978. This was reflected in a rise in the official reserves and in the repayment of overseas borrowings.

Central Statistical Office figures for the balance of payments, published yesterday, show the current account moved from a surplus of £932m in 1978 to a deficit of £2.44bn last year. But the capital account moved from a deficit of £2.1bn in 1978—including unidentified transactions — to a surplus of £4.1bn.

This reflected the strong demand for sterling during the year, in response to the oil crisis and to the relatively high level of UK interest rates.

For example, sterling deposits and British Government stocks held by private non-residents rose £3.6bn in 1979. Official sterling balances held by overseas countries increased £735m.

These inflows more than offset an estimated outflow of capital of about £2bn in the second half of the year as a result of the ending of exchange controls.

The deterioration in the current account was the result of an increase of £1.8bn in the deficit on visible trade and a drop of £1.5bn in the surplus on invisibles—to £875m.

Between October and December the invisibles surplus was £71m. The main feature of this quarter was a deterioration in the balance of interest payments in the Eurocurrency market.

The surplus of the private sector and public corporations, excluding transfers, fell from £5.53bn to £4.49bn last year. This was primarily because the profits of overseas oil companies in the UK increased sharply, notably because of North Sea oil.

The balance on several other categories also moved unfavourably. The net surplus on travel dropped £291m to £663m, mainly because more British residents travelled abroad and spent more.

The deficit on Government transfers rose £335m because of higher EEC contributions and increased aid payments.

BALANCE OF PAYMENTS £m

	1977	1978	1979	1979 3rd qtr. (Seasonally adjusted)	4th qtr.
Visible trade (balance)	−2,239	−1,493	−3,372	−493	−745
Invisibles (balance):					
Services	+2,960	+3,275	+3,070	+852	+812
Interest, profits and dividends	+201	+1,061	+207	+57	−78
Transfers	−1,146	−1,911	−2,402	−654	−663
Total	+2,015	+2,425	+875	+255	+71
Current balance	−224	+932	−2,437	−238	−674
				Not seasonally adjusted	
Current balance	−224	+932	−2,437	−77	−488
Investment and other capital transactions	+4,406	−3,199	+3,525	+573	+734
Balancing item	+3,179	+1,141	+623	−198	−276
Balance for official financing	+7,361	−1,126	+1,711	+298	−30
Allocation of Special Drawing Rights	—	—	+195	—	—
Official financing					
Official reserves (drawings on, +: additions to, −)	−9,588	+2,329	−1,059	−152	+116
Other official financing	+2,227	−1,203	−847	−146	−86

Source: Central Statistical Office

Smaller role expected for spot oil market

BY RAY DAFTER, ENERGY EDITOR

THE SPOT oil market, still quiet in the midst of a mild winter, is expected to play a smaller role in international oil supplies this year.

The amount of oil traded in the spot market in the current quarter is estimated to be 700,000 barrels a day, against a peak of 3m last year. The spot market in 1979 accounted for 12 per cent of internationally-traded crude oil—a sixfold increase on the more normal level of spot transactions.

According to one major company the amount of oil being sold at higher than official prices by the end of last year had risen to 10m barrels daily—more than the total output of Saudi Arabia and about one-third of Organisation of Petroleum Exporting Countries production. Their crude exports are expected to be about 25m barrels daily this year.

Major international oil companies expect to be able to buy only 12m of these exports, less than two-thirds of their needs. Four years ago, when the oil market was much slacker, the major companies bought between 17m and 18m barrels a day from OPEC — three quarters of their needs.

The internal company report shows that international oil companies have lost much of their traditional supplies to independent companies and state oil corporations. These two groups were expected to take 7m barrels of OPEC oil in the present quarter. Government to government deals were expected to account for a further 5m.

● Latest spot market reports indicate that cargoes of Arabian light crude oil are being offered at \$36-\$37 a barrel while heavy crude has been on offer at around \$33. During the peak of spot market activity at the end of last year some oil was sold for about \$40.

Coal watchdog wants right to information

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE NATIONAL Coal Board should be forced by law to give the coal industry's consumer watchdog more information about NCB finances and the state of the market, the Domestic Coal Consumers' Council said yesterday.

The council says in its annual report that it is unhappy at having to rely on the goodwill of the NCB for comprehensive financial information.

It wants the statutory right to information it first asked for in 1950, so that it can judge whether price rises are justified.

Last year the council employed chartered accountants to scrutinise the NCB's finances and its two substantial price rises. The council's report expressed concern about the rises but reluctantly accepted that they were necessary to enable the NCB to reach its financial targets.

Mr. David Tench, the council's chairman, says in his introduction to the annual report that the lack of clear policies by successive Governments is largely to blame for the coal industry's problems.

"The coal industry has suffered from stog-go policies on tariffs, lack of investment, future production targets and the dismal decline of the industry in the 1960s—all substantially due to Government policy."

Mr. Tench also criticised the Government's policy of forcing the coal consumer to pay for research into alternative energy sources when North Sea oil runs out.

"We do not believe it is fair or reasonable to expect the present individual domestic consumer continually to face increased prices to pay for these costs which should be spread more widely."

He suggests surplus profits from the gas and electricity industries should finance a programme of energy conservation and energy sources.

The report reveals that two-thirds of all complaints are about the quality of coal, so the council is to commission a survey of fuel quality variations throughout the country.

Manpower savings 'key to Town Hall cuts'

BY ROBIN PAULEY

MANPOWER SAVINGS are the key to cutting local authority spending, according to Mr. Ian McCallum, chairman of the Association of District Councils.

He told the Society of Chief Personnel Officers in Local Government meeting in Birmingham yesterday local authorities would have to improve their management skills and had no alternative but to achieve greater efficiency.

"We must make economies and give far better value for money. We must be inventive and innovative."

Local authorities would need more decentralisation, less legislation and constructive consultation and negotiation with trade unions over manpower cuts to achieve the necessary level of cuts in public spending in 1980.

All local authorites must put their services under the microscope, consider how frequently dustbins need to be emptied compatible with standards of health, streets swept, and parks tended.

Mr. McCallum drew attention to two aspects of the Chief Inspector of Audit's report which question value for money in bonus schemes and in polytechnic teachers' working hours, which said many bonus schemes have become a complicated and expensive way of calculating pay and have weakened local authority control over an important part of the budget.

The report said: "Bonus earnings are, by their nature, prone to error, miscalculation, manipulation and mismanagement. Many schemes are not properly based or maintained.

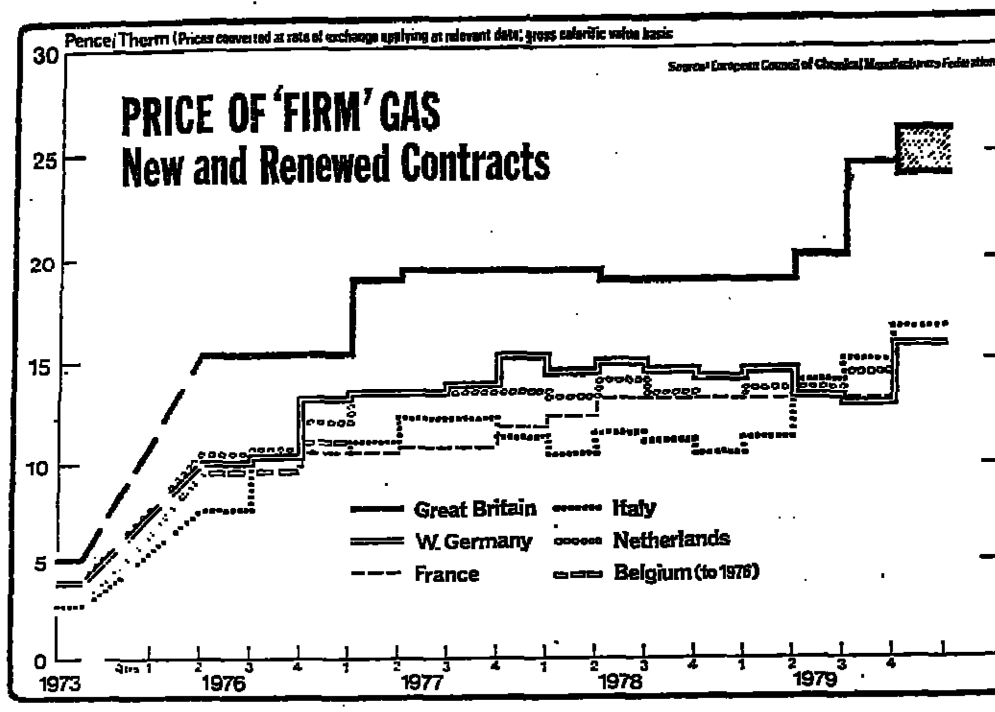
"Many refuse schemes allow workers to complete their week's task in 25 to 30 hours, for which they receive basic pay for a full working week. The true earnings for the hours worked represent a basic pay at 1¼ times nationally agreed hourly rates plus a bonus of 50 per cent."

UK NEWS

CHEMICAL INDUSTRY WANTS ITS OWN SUPPLY SYSTEM

Bid to break gas monopoly

BY SUE CAMERON, CHEMICALS CORRESPONDENT



THE CHEMICAL Industries Association has called on the Government to break the British Gas Corporation's monopoly. The association wants an independently controlled gas distribution network to be set up for industry, based on supplies from wells not yet developed in the North Sea.

The scheme was put to Mr. David Howell, Energy Secretary, at a meeting last week. He "expressed particular interest in the proposals for the use of so far untapped gas fields."

The association agreed to provide the Government with further details of the potential scope and practicability of the plan.

In a study paper prepared for Mr. Howell, the association says British Gas is failing to supply UK industry with all the gas it needs—even at "prices that are high by international standards."

It says chemical producers and other manufacturers are paying about 5p a therm more for their gas than their competitors on the continent.

The paper says that by 1983 *chemical producers will need* a further 200m therms of gas a year. If present policies continue there will be little chance of the extra supplies being available.

"Additional supplies becoming available in the period up to 1983-84—estimated to amount to 3.5bn therms—will flow to the domestic and other tariff-based sectors."

The "underlying cause" of the corporation's inability to match supply to demand "appears to be the under-pricing of gas to the domestic sector and the unreasonable statutory obligations on British Gas to *supply this sector and the lower* end of the commercial sector."

The association calls for domestic gas prices to be raised yet again so as to bring them fully in line with the prices *charged to industrial consumers.*

It admits that further increases in domestic gas prices would be a "heavy blow" to householders but suggests the impact could be softened if a two-tier pricing system—one tier on a concessionary basis—were introduced for domestic consumers in the short term.

The association says increases in domestic gas prices should lead to more supplies being made available for industry and stresses that the real answer to the gas shortages that threaten chemical producers and other manufacturers is the ending of the British Gas Corporation's *monopoly over supplies.*

It calls for a "new independent distribution system to be set up for industial users of gas in certain highly concentrated areas such as the Midlands, the *North East, the North West* and Central Scotland."

Yesterday the association said it wanted the law changed so that the introduction of a new gas pipeline system in the UK would become feasible.

The Chemical Industries Association would then hold discussions with some of the oil companies operating in the North Sea.

"We think the kind of independent system we are suggesting would be economically viable both for oil companies supplying gas from the North Sea and industrial consumers such as our members. We *believe our scheme would probably* involve the building of another gas gathering pipeline.

"One of the advantages would be that an independent system could carry different types of gas—including some that British Gas cannot use in its own system at present. From the oil companies' point of view, there would also be a guaranteed market *24 hours a day all year round.*"

The association also calls for consideration to be given to the possibility of importing more gas to the UK and it demands that British Gas should no longer have a statutory obligation to supply most domestic consumers.

It claims the UK chemical industry is suffering from a cost disadvantage of about £50m a year compared with its competi*tors on the Continent and says* this sum is "significant in relation to investment."

Royalties may cost BL £20m annually

By Kenneth Gooding, Motor Industry Correspondent

BL WILL pay Honda of Japan a royalty of £250 for each of the cars it produces from the Japanese company's design.

If sales of the car, the Bounty, reach the forecast annual 80,000 it would involve £20m a year in royalties for Honda.

Summer

The details were revealed yesterday by Honda officials at the Geneva motor show.

Production of the Bounty is due to start at Cowley in summer next year. Honda will also benefit from the sale of components.

BL will first make only half the Bounty parts but this should rise steadily. However, Mr. Ray Horrocks, managing director of BL Cars, said earlier this week that his company would always use Honda's gearbox and transmission because the cost of tooling up in the UK would be uneconomic.

Qualified

He said the Bounty project would protect 25,000 jobs in the UK motor industry. BL was, however, short of engineering talent and could use 400 more qualified engineers if they could be found.

The Bounty will have an important role to play in rebuilding BL's car business on the Continent, giving strong support to the Mini Metro due to be launched in October.

Talbot boost

TALBOT cars took 8 per cent of the UK market in February, an increase of more than a quarter on January.

More than 11,500 British-built Sunbeams, Avengers and Alpines, and French-built Horizons were registered, the company said yesterday.

February car registrations are expected to top those for the same month last year by more than 10,000, reaching about 144,000.

Company liquidity drops to lowest level since 1975

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LIQUIDITY of large industrial and commercial companies deteriorated to its lowest level for over four years in the last quarter of 1979.

The liquidity ratio has been below this level only in the worst parts of previous recessions—from *mid-1974 to mid-*1975 and in 1970-71. Yet the UK recession was only beginning at the end of 1979. The ratio is expected to decline even further this year.

The Department of Industry figures published in the weekly journal British Business today show that the position of manufacturing industry declined more than that of non-manufacturing companies.

Liquidity is measured by a ratio which shows current assets—mainly bank deposits, but including holdings of gilt-edged stocks—as a percentage of current liabilities—mainly bank borrowings.

This ratio dropped from 93 per cent to 71 per cent between *the end of the third and fourth* quarters—only just over half the 1978 peak.

Current assets fell about £910m. and liabilities rose about £200m, reflecting the squeeze on profit margins and the big rise in bank borrowings. These were *needed to finance* the rise in value of stocks caused by inflation, and an excessive volume of stocks.

The pressures are greatest for manufacturing industry. Its liquidity ratio fell from 86 per cent to 62 per cent during the fourth quarter, compared with 109 per cent at the end of 1978.

The Department of Industry notes that the net current assets and the liquidity ratio do not summarise the whole financial position of industry, only the position on the selected current assets and liabilities covered by the survey.

The results are affected, among other factors, by companies switching their borrowings between short-term and medium- or long-term loans.

In addition, the quarterly survey covers only about 225 large companies which, because of their size, industrial composition *and other factors,* may not be representative of industrial and commercial companies as a whole.

House building still at depressed level

BY ANDREW TAYLOR

WORK WAS started on 13,100 houses in Great Britain in January compared with 10,100 starts in January last year, according to figures published yesterday by the Department of the Environment.

Housing starts in the first three months of last year were, however, seriously hit by bad weather. The apparent improvement in building work in January does not reflect the general downward trend in housebuilding activity.

This is the result of spending cuts in the public sector and the squeeze on mortgage finance as the result of high interest rates in the private sector.

Because of the distortion caused by last year's bad winter, figures for housebuilding are unlikely to provide an accurate picture of activity for several months yet.

According to the Department's figures, public sector starts in the three months to the end of January were 16 per cent higher than in the previous quarter and 5 per cent higher than a year ago.

The figures show private sector starts in the three months to the end of January were 5 per cent down on the previous three months and 1 per cent lower than in the same period last year.

● Private housing land prices rose 43 per cent last year to an average of £77,600 a hectare, according to the Department's figures published yesterday.

This was still only 27 per cent higher than in 1973. Average *prices of £85,390 a hectare in* the second half of last year were 36 per cent higher than the £62,680 prevailing in the second half of 1973, the previous peak *for private housing land prices.*

Allocation of U.S. air routes starts

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN Airways, the independent operator, expects to start flights between London (Gatwick) and St. Louis in the U.S. in April, with *British Airways flying from Gat*wick to New Orleans in April, 1981.

These are likely to be the first tangible results of the new Anglo-U.S. air services agreement reached in Washington this week. It modifies the Bermuda Two agreement and will add up to 16 air services between the two countries by 1984.

The U.S. will be allowed to add another airline on the Boston-Gatwick route. Other than British Airways, which already serves Boston, no UK airline has asked for that route.

The big battle is likely to take place over the London-Miami route. This is upgraded to a "dual designation" route, able to be served by two airlines from each country.

British Airways already serves Miami from Heathrow, but both Laker and British Caledonian *want to fly there from Gatwick.*

On the U.S. side, the route is open following Pan American's takeover of National Airlines. Several U.S. airlines have asked *for the route, including* Pan Am, Eastern Braniff and Air Florida.

Other U.S. cities likely to be served as a result of the agreement include Denver (from this spring) and Minneapolis-St. Paul Any other U.S. city is eligible for selection by the U.S. Government up to 1984, while the UK can authorise flights from Belfast to the U.S.

All-cargo airline is set up

By Our Aerospace Correspondent

AN ALL-CARGO airline, TAC Heavy Lift, has been set up by Cunard Steam-Ship Company, *part of the Trafalgar House* Group, and Eurolatin Aviation, *part of the Eurolatin Group.*

Based at Stansted Airport, Essex, it will operate up to three of the ten Belfast strategic heavy freighter aircraft originally used by the RAF.

About £4m has been spent so far modifying the aircraft.

One aircraft is already taking defence and other equipment overseas. A second will become available in June—and a third by the end of the year. Two more aircraft are available if needed.

The company is confident of future business, despite this week's decision by British Cargo Airlines to seek a receiver and manager.

Trafalgar House, which has two thirds of TAC Heavy Lift shares, also has 35 per cent of British Cargo Airlines, but the two companies are separate.

Typical Belfast loads include earthmoving equipment, aircraft such at Sea King helicopters, *portable buildings, construction* and oil industry equipment, and military strategic cargoes, such as tanks.

Chairman of TAC Heavy Lift is Mr. William B. Slater, managing director of the Cargo, Aviation and Offshore Shipping Division of Trafalgar House. Managing director is Captain P. J. McGoldrick, formerly with Transmeridian Air Cargo.

Bid to buy British ship rejected

By Kenneth Gooding, Motor Industry Correspondent

BRITISH SHIPBUILDERS has said it is not interested in quoting for the construction of a large car carrier worth about £8m because it would be "uneconomic." It has suggested the potential customer try Japan.

The tentative approach to British Shipbuilders was made two weeks ago by Mr. Michael Orr, managing director of the UK company which imports Colt cars from Mitsubishi in Japan.

The Colt dealership network was short of some models at the beginning of this year because of Japan's voluntary restriction on shipments. Mr. Orr's company was not allowed to ship cars in December, and then *found difficulty obtaining* shipping space in January.

If Colt had its own vessel capable of carrying 3,000 cars it would have much more flexi*bility, said Mr. Orr. The* carrier would be used by Colt only three or four times a year, but could be leased to shipping lines the rest of the time.

Mr. Orr made an informal approach to British Shipbuilders to see if it would be possible to "buy British"—but was turned away.

British Shipbuilders said last night the deal would not have been economic, as car carriers are not built in Britain. The corporation had tried to be helpful by suggesting a Japanese supplier,

Wine fraud investigation spans eight countries

BY GARETH GRIFFITHS

INVESTIGATIONS into a wine fraud which is believed to have spanned at least eight countries may lead to prosecutions in British courts.

A *scheme involving cheap* French wine being labelled as vintage Pouilly Fuisse, which sells for nearly £12 a bottle in New York, is being looked into by the Ministry of Agriculture.

It is thought that 200,000 of the half-million bottles involved were labelled in Britain. The operation lasted for a short while last summer.

Investigations are also being made in France, Belgium, Holland, Luxembourg, Liechtenstein, Panama and the U.S.

Wine officials in Paris are worried that the scandal could undermine the exports of Burgundy, which totalled £150m last year. They fear that U.S. consumers may switch to Californian wine.

A meeting between the Ministry of Agriculture and investigators from U.S., France and Holland is planned for next week.

Belvoir plan opponents set conditions

OPPONENTS of proposals to mine the Vale of Belvoir yesterday spelled out the conditions under which they would accept a National Coal Board mining application.

The Alliance, which represents 30 parish councils, the National Farmers' Union and an environmental protection group, launched its case on the 61st day of the public inquiry at Stoke Rochford Hall, near Grantham.

Mr. Peter Boydell, QC, said the alliance was unconditionally opposed to the NCB's appplication

Record for Tasker painting

SALEROOM

BY ANTONY THORNCROFT

A SPORTING painting by William Tasker of Chester yesterday sold for £16,000 at Bonham's to the London dealer Ackermann. It shows Day of Algiers winning the Chester Cup in *1840.*

The price was comfortably an auction record for the artist.

Other high prices in the sale, which totalled £186,785, were *£8,500 for "Jacob sheep in an* extensive landscape," by James Ward and £7,500 for "Lot 97, a grey mare" by William Caulderon.

At Sotheby's Belgravia, a large Victorian silver centrepiece given by Queen Victoria in 1852 as the Queen's Cup for Ascot Races sold for £6,500. This was the sum paid at the Metmore Towers sale in 1977, showing how inflated some of those prices were.

A large Elkington and Company table centrepiece was top price, going for £7,600 to Mark Antiques.

At Sotheby's in Chancery Lane a sale of books and material associated with Hans Christian Andersen continues today.

At a Christie's furniture auction a German parquetry bombe commode attributed to Abraham Roentgen sold for £13,000, plus the 11.5 per cent buyer's premium and VAT. Among the tapestries, a Brussels tapestry with the story of Tancred and Clorinda, dating from the early 18th century, sold for £9,000.

Edmund Penning-Rowsell *writes:* At Christie's first comprehensive vintage port sale of the year, prices were generally well below last year's best levels for classic and mature vintages. They are only just holding their own for younger wines.

Top price was £310 a dozen for Fonseca '45. The '34s fetched £220 (Dow) and £185 (Warre), and the very fine '35s went for between £280 (Taylor) and £220 (Croft). Among the more mature post-war vintages, the '45s ranged between £310 (Fonseca and Taylor) to £250 (Graham) and £240 (Croft).

Strikers 'deaf to the damage'

BY MAURICE SAMUELSON

STEEL unions were guilty of a "conspiracy of deafness" towards the damage which their strike is causing to the industry, Mr. Selwyn Williams, director of the British Independent Steel Producers' Association said yesterday.

He was replying to the claim by Mr. Bill Sirs, secretary of the Iron and Steel Trades Confederation, that parts of industry were engaging in a "conspiracy of silence" about the difficulties the strike is causing.

The unions, Mr. Williams said, were involved in "a conspiracy of deafness to the real fall in the demand for steel which is being masked by the strike." After the strike the steel industry would face depleted order books, customers with high stocks, and orders for imports booked in.

Mr. Sirs' statement was also challenged by the Confederation of British Industry. Mr. Bryan Rigby, its deputy director-general, said that except for canning companies and parts of engineering, overall production was about 95 per cent of normal.

The collapse of the strike in the private sector continued yesterday with a return to work of the Duport Group's London Works in the Midlands. The plant re-rolls steel made at the group's Llanelly works, where the strike was called off last week.

Duport, whose deputy managing director, Mr. John Paterson, is the independent steel producers' president, took legal action against the extension of the strike to the private sector. The move was defeated in the House of Lords, but the Iron and Steel Trades Confederation has failed to prevent private sector employees from returning to work.

The only big Midlands steel company still at a standstill is Ductile Steels, where local factors are said to have exacerbated the strike. Bright Steels, of Tipton, is also affected.

Mr. Williams's claim about the underlying fall in the demand for steel is borne out by the low rate of inquiries being received by members of the National Association of Steel Stockholders. Few have been picketed.

The Stockholders' main worry is that reduced stocks will mean less tax relief.

Some have been buying whatever type steel is available, including imports and hoping that relief will be offered even before the next Budget. Others have been considering other investments, such as new lorries, to set against tax.

RUSH OF IMPORTS FORESEEN WHEN STRIKE ENDS

A wide opening in the steel market

BY GILES MERRITT IN PARIS

IT IS an open secret that shipments of steel from Europe are beating the blockade into Britain. In Antwerp, shippers describe the traffic in steel as a "steady stream," and estimate that more than six ships leave for British ports carrying steel every week.

Usually their manifest reads "General cargo." In some cases the steel load is concealed beneath an arrangement of goods such as plywood. Their destinations tend to be East Coast ports such as Immingham, Rochester, King's Lynn and Boston.

Their cargoes are usually special steels commanding a *premium price in the British* market. According to Belgian shipping executives the comparatively small shipments involved encounter little difficulty in passing dock gate pickets.

The names of the ships and the identities of the steel stockholders involved in this semi-clandestine trade are kept confidential. Breaking British trade unions' steel blockade is a sensitive matter in the ports of Belgium, France and the Netherlands. Somewhat defensively, shipping men in the know point out that in January it was Sweden which dominated the trade in steel to the UK.

Some ships have sailed in since the British Steel Corporation strike began at the New Year without troubling to disguise their cargo. According to the records at Dunkirk, a ship named Sea Humbert and registered to Freight Express arrived at the London steel terminal *sailed for London last month* with 1,455 tonnes of sheet steel.

Mr. Alan Taylor, a director of Freight Express, confirmed yesterday that the Sea Humbert, operated by his company, had landed a consignment of steel from Dunkirk last month at its riverside wharf on the Thames. *This was only one of several* steel cargoes landed since the steel strike began. While not disclosing total tonnage, he said shipments were down to 65 per cent of normal.

This was partly because of fears among overseas suppliers that the strikers would prevent shipments from being delivered to customers once they were landed. The strike had also caused cargoes to pile up in shippers' warehouses, and there would soon be "a crunch" over storage capacity.

One British import trade expert said recently: "There are docks in London that have been carrying on merrily all the time.

"A load of, say, special steel valued at £2,000 a tonne is well worth bringing in."

Stockholders in the UK with access to scarcer grades of steel have now generally abolished discounts, and are selling at list prices which give an extra margin of up to 10 per cent.

Putting a figure on the imported steel finding its way into Britain is clearly impossible, but industry observers believe that it is only a trickle compared with normal imports. The real worry is that steel is being stockpiled on the Continent and that the surge of imports then will bite deep into the BSC's domestic market when the strike ends.

Stockholders are reportedly already doing deals with industrial customers which will tie them more tightly into imports. UK stockholders are themselves under pressure to sign long-term contracts with European suppliers and producers.

The British Iron and Steel Consumers' Council has warned that some of its members have talked of increasing their imports *from a 1979 rate of about* 20 per cent of all steel requirements to as much as 60 per cent.

The council believes these are extreme reactions, but fears that industry is determined to take out "insurance" against renewed industrial disputes in the British steel industry.

Like the British Steel Corporation, the council estimates that imported steel will take 30 per cent of the UK market this year, against 20-24 per cent in 1979.

But there are factors which could boost imports well above that level. European steelmakers, such as the Dutch giant Hoogovens, which sells about 500,000 tonnes, or almost 10 per cent of output in the UK, reports that, with other producers in the EEC, it is "very dissatisfied" with the blocking of its UK trade.

With no other outlets to turn to, it indicates that it will release the 100,000 tonnes now stockpiled at its IJmuiden complex on to the British market as soon as possible.

The rush to ship steel into Britain once the strike is settled may endanger price stability—a risk European steelmakers recognise, but which is becoming secondary to the need to move their mounting steel stocks.

Belgium's Cockerill no longer has room in its sealed Ostend and Antwerp warehouses, and is holding flat products destined for Britain inland at its Liege works.

In Dunkirk, Sacilor-Sollac, the second biggest French producer, has several thousand tonnes of tinplate at the wharfside awaiting shipment to 36 agreed customers.

Usinor, the chief French producer, which with its 8m tonnes-a-year coastal steelworks at Dunkirk operates the largest and most efficient unit close to south-east England, makes no secret of the fact that it is studying the UK market closely. The delivery quotas embodied in the EEC's Davignon plan are rarely mentioned.

According to some European steel executives the single factor which will determine whether Britain is swamped with steel from elsewhere in the EEC is *now the mood of the U.S. steel* industry.

If U.S. steelmakers go ahead with their threats to launch anti-dumping suits against their EEC competitors, and so cut Community exports to the U.S. this year by up to 2m tonnes, the natural target for much of that excess capacity will be the highly vulnerable British market.

Even without U.S. anti-dumping action the UK looks set to become a magnet for the European steel producers.

Bill Hall adds: There is *increasing evidence that* large quantities of steel are coming into smaller ports around Britain. Ships' agents say more than 300 tons a week are coming into Ipswich, and a 3,000-ton shipment is due at Felixstowe next week.

Pay offer ballot open to double voting, opponents say

BY ALAN PIKE, LABOUR CORRESPONDENT

STEEL STRIKE leaders in the North yesterday made a determined attempt to discredit the ballot on the British Steel Corporation pay offer which closes tomorrow.

They said it had been run in such a way that any steel workers intent on voting twice could do so, and said the result would lack all credibility whichever way it went.

The attack on the conduct of the ballot reflects, at least in part, the uncertainty of local *strike leaders about the likely* outcome due to be announced on Monday. At this stage, the object of the ballot is only to consult the steelworkers on whether they would like to vote on the Corporation's 14.4 per cent pay offer. If they say yes, the second ballot will be arranged.

Declared

Although the ballot is being conducted by the Electoral Reform Society, strike leaders in Teesside and Scunthorpe *claimed yesterday that* BSC had set up centres at steelworks where any worker who declared that he had not received a ballot paper by post at home could collect one. This has led to the allegation that the ballot is open to double voting.

Mr. Ted Hardacre, an Iron and Steel Trades Confederation divisional organiser running the strike at Scunthorpe, went further, and brandished a handful of ballot forms which he admitted were forgeries. A Scunthorpe printer had produced them, he said, to demonstrate how easy it would be to imitate the simple type of ballot paper being used.

The attitudes towards the ballot of pickets—now sporting badges declaring "They didn't ballot us on Bilston, they didn't ballot us on Corby"—are beyond doubt. Those who have returned their forms have followed union advice, and either voted No or spoiled their papers.

They admit that the reaction of men who have not been active *on the picket line during the* nine-week strike, is difficult to predict, and this group comprises about 80 per cent of the workforce.

Mr. Derek Saul, managing director of BSC's Teesside division, is certain that a majority of his 12,000 workers will be *in favour of a ballot on the* corporation's offer. "The officials increasingly seem to be expressing the views of a minority," he said.

"The majority of people want to be back at work. Perhaps they are more aware of the dangers of the strike than their leaders apparently are."

Mr. Peter Woods, the union's divisional organiser in the region, agrees that members are "getting frustrated" about the repeated failure of national level meetings to bring the strike closer to a settlement, but he said there has been no groundswell of opinion on Teesside *in favour of accepting the current* offer.

Individual steelworkers in the North-east are divided in their reactions. They have lost about £1,000 each in earnings, and while nearly all would like to see an early return to work, some still believe they will recoup their losses more quickly by voting against the BSC offer and forcing a better one.

Hundreds

Managers, such as Mr. Saul, say they have received hundreds of letters from workers who want the strike to end, and union leaders, such as Mr. Woods, admit to receiving a few containing the same message. The ballot, in spite of the criticism of its conduct, will be the first chance for steel workers to express an opinion. The outcome is awaited by both sides with interest and trepidation.

Civil Service unions set to act on pay

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of the second-largest Civil Service union will propose next week that members take industrial action if necessary over the Government's decision to regulate pay increases for the 600,000 white-collar civil servants.

An emergency meeting of the executive of the union, the Society of Civil and Public Servants, decided yesterday to call urgent meetings of its members, starting next week, to canvas the action.

The union said the effect of its action last year with the largest union, the Civil and Public Services Association, by withholding VAT and other payments, had forced the Government to borrow money, so increasing both the money supply and interest rates.

The union is also taking part in a series of meetings with the other Civil Service unions to co-ordinate any industrial action this year.

While the present position over pay is seen as serious by union leaders, there is some feeling that despite the warlike words of both the national staff side, the unions' umbrella body, and individual unions, there may not be such readiness to take industrial action.

The CPSA is being noticeably quiet, leaving the SCPS to make the running again this year. Some CPSA officials are concerned about public reaction to a strike, which would for the first time almost certainly affect social security and employment benefits.

Though Ministers are still denying it, there is also strong suspicion in the unions that the Cabinet has fixed a 14 per cent cash limit for the Service in spite of the evidence of the independent Pay Research Unit comparability studies.

The unions estimate that these show rises due for middle-ranking grades of more than 20 per cent.

The staff side yesterday warned that any sense of security felt by civil servants was false. The nine unions agreed that the PRU reports should be "the sole determinant for the 1980 pay settlement" and that "any attempt to reduce the amoun of pay increases due will be strenuously resisted."

The staff side said it was now "abundantly clear" that a figure of 14 per cent would not be enough this year.

The unions also agreed yesterday to accept the Government Actuary's increase of the assessment of pension benefits from 2.6 per cent to 3.8 per cent this year. The staff side gave its approval, though, to a document on Civil Service pensions which will be sent to MPs as well as union members. This rebutts allegations that civil servants' index-linked pensions are both exclusive and non-contributory.

Postal workers seek 20%

By Our Labour Staff

THE UNION of Post Office Workers has submitted a claim for rises totalling about 20 per cent for its postal grade members.

The claim covers 140,000 workers in the Posts operation and is broadly in line with the settlement for the miners and the pay target for the National Union of Railwaymen, the two public sector groups with which the union normally compares itself.

The settlement date for the postmen is April. Union officials said yesterday that they would probably wait until after the union conference in May before submitting a claim for their members in the telecommunications operation who are due to settle in July.

The negotiations are being handled separately to the staffing and productivity discussions between the union and the Post Office. These are subject to decisions at two union conferences later this month.

The Post Office has given a firm commitment to reduce the working week of its postal service workforce by at least two hours next year linked to a productivity and staffing package.

BURGOYNE REPORT ON OFFSHORE SAFETY MEASURES

TUC against central control

BY NICK GARNETT, LABOUR STAFF

THE TUC said yesterday that it was opposed to some of the recommendations of the Burgoyne Committee into safety on offshore oil and gas installations whose report, published yesterday, says health and safety should be under the control of a single agency, preferably the Department of Energy.

This particular recommendation, says the TUC, will result in offshore workers having different legislative protection than other workers covered by the Health and Safety at Work Act and regulations governing safety representatives and safety committees.

This reaction is in line with a minority report produced by the two trade union representatives on the committee, Mr. John Miller of the Transport and General Workers and Mr. Roger Lyons of the Association of Scientific, Technical and Managerial Staffs. They say the majority report's approach to the administration and enforcement of offshore safety was totally unacceptable.

The committee was set up in 1978 under the chairmanship of Dr. Jack Burgoyne to study safety aspects of the Energy Department's regulations governing the exploration, development and production of oil and gas offshore.

It found that although the offshore industry has had considerable success in avoiding major disasters, there are areas where the accident record should and could be improved.

This particularly relates to installation, construction, drilling, diving and the operation of boats and cranes.

The committee recommends that for the Department of Energy to be the sole agency it needs its ability to control safety strengthened.

This would be mainly in the areas of setting and monitoring standards covering selection, training and qualification of offshore personnel as well as its general expertise in occupational safety matters. Resources should be made available for technical investigations by the Department, of failures and accidents.

The committee upholds the principle of independent certification of critical features of offshore structural and operational safety and the responsiblity of the certifying authorities should be extended to cover the complete oil and gas pressurised system.

Other recommendations are the setting up of safety zones around mobile drilling rigs and well-heads on the sea beds; consideration to be given to enlarging the present safety zones; and the need to issue more detailed guidance on a range of matters.

These include design and construction of equipment, operation of offshore pressure systems and personnel training. The latter particularly applies to divers, says the report. Divers should qualify for a training certificate before being allowed to work. A register of trained divers should be compiled.

Offshore Safety. Her Majesty's Stationery Office, £6.50.

N. Sea helicopter safety study to find code of practice

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK Civil Aviation Authority has set up a new joint working group to study North Sea helicopter operations, and establish a "code of practice" for such flights. This follows criticisms by the British Airline Pilots' Association of the lack of such a code, which could lead to reduced safety margins.

The BALPA said that more than 2m passengers a year now flew between Aberdeen and Sumburgh in the Shetlands and the North Sea oil rigs. While helicopters had a good safety record, in some respects they had been "extremely lucky," and "flight safety is all about closing the stable door before the horse gets out."

The pilots' group said it wanted the aviation authorities to accept its technical arguments aimed at improving safety performance, especially in the vital "exposure time" just after a helicopter had taken off and before it had reached sufficient height to enable it to cope with such emergencies as engine failure.

Town hall pay row: union plans action

BY OUR LABOUR STAFF

LOCAL GOVERNMENT white-collar workers are expected to be instructed next week to begin industrial action following the collapse of talks on comparability payments for the 500,000 staff.

The local government committee of the National and Local Government Officers' Association, one of the five unions representing the staff involved, yesterday drew up a series of recommendation for industrial action.

The recommendations will be presented to a meeting of the union's national executive and then to its emergency committee next week for authorisation.

Various forms of selective action are likely to be given approval, leading to a one-day strike by local government staff. Some of the industrial action could begin as early as next week.

Union officials were angry at the breakdown in talks and claimed that the employers' 6 to 12 per cent offer rejected by the union—had not taken into account the comparability evidence.

The union side claims there is still a wide gap between even the 12 per cent figure at the top end of the scales and the level indicated by the joint comparability studies.

The offer, which would be backdated to January 1, would add about 8 per cent to the wages bill. It would form the second stage of the local government white-collar pay deal in the last round.

Lords back ACAS over GEC recognition claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Advisory, Conciliation and Arbitration Service did not act unreasonably when it deferred consideration of a union's recognition claim at GEC's Whetstone plant, Leicestershire, the Law Lords decided yesterday.

By a 3-2 majority, the Lords reversed an Appeal Court ruling last May that ACAS must get on with its inquiries into the Engineers' and Managers' Association's claim for bargaining rights at Whetstone.

ACAS had argued that it had been entitled to defer its inquiries because of uncertainty caused by a pending court action by EMA against the TUC, whose disputes committee had ruled that EMA had breached the Bridlington Agreement by recruiting at Whetstone.

Allowing an appeal by ACAS, Lord Scarman said that the service had a discretion to defer inquiries which could be overridden by the courts only if ACAS had acted unreasonably.

The Employment Protection Act imposed no time limit, though ACAS clearly had a duty to proceed with reasonable speed. Equally clearly, it had power to defer inquiries if it thought it appropriate to do so.

The association had delayed bringing its action against the TUC to trial in the hope that ACAS would recommend in its favour before the court ruled.

In the confused situation which the association had allowed to persist, it had been reasonable for ACAS to defer its inquiries.

ACAS had formed its view as to what was best for the promotion of good industrial relations and the Appeal Court had erred in substituting its judgment for that of ACAS, said Lord Scarman.

Lord Edmund-Davies agreed that the appeal should be allowed, but he said it had been a "knife-edge" decision which ACAS should not regard as recognising a right to make a habit of dilatoriness.

Lord Diplock is a dissenting judgment, said that the Act required ACAS to come to a decision on whether or not to recommend recognition in the circumstances as they existed when the reference was proceeding, and not to wait indefinitely for those circumstances to change.

If, as in this case, there was uncertainty about the status of a union as a TUC affiliate, and if it was clear that that uncertainty was likely to continue through successive pay negotiations, ACAS would be abdicating its function if it did not get on with its inquiries.

Four injured in angry day on picket lines

BY ROBIN REEVES, WELSH CORRESPONDENT

TROUBLE FLARED on picket lines in Wales yesterday. Four people were injured and 36 pickets arrested in incidents outside two steel stockholders. Mr. John Woodcock, Chief Constable of South Wales, later issued an appeal for everyone to "act sensibly."

The injuries occurred when lorries forced their way through 80 pickets outside Gowerton Iron and Steel suppliers near Swansea. They included a policeman who was taken to hospital with a fractured pelvis. Six pickets were arrested.

Thirty pickets were arrested in scuffles outside GKN's steel stockholding subsidiary at Newport.

Local officials of the Iron and Steel Trades Confederation accused the police at Newport of provoking the pickets and singling out senior shop stewards.

Twenty-four men were later charged with obstruction, five with resisting arrest, and one with damage.

The Chief Constable said: "I appeal to everyone concerned in the dispute to act sensibly, and with the high traditions of Welsh fair play. Up to now, things have been very reasonable, but indications over the last few days are that the mood of the workers is changing, caused no doubt by frustration."

Meanwhile, the Wales TUC has reacted angrily to a suggestion from Sir Charles Villiers, British Steel Corporation chairman, that the corporation's "ballot about a ballot" covers the issue of redundancies as well as pay.

Mr. George Wright, the Wales TUC general secretary, said this would be blatant and dishonest manipulation of the ballot, and mean that Scottish and English steel workers were being asked to vote Welsh steel workers out of a job.

As far as the trade unions were concerned, BSC's plan to shed 52,000 jobs in the industry once the strike was over was a separate issue.

As part of this retrenchment programme, the corporation intends to cut production at Port Talbot and Llanwern by half to 2.75m tonnes, creating 11,300 redundancies.

Local unions are pledged to oppose the rundown. Blast furnacemen at Port Talbot have said they will refuse to return to work even if the pay issue is settled until they obtain job security.

Local strike leaders have been urging steel workers to ignore the ballot call. A meeting of 1,500 strikers at Ebbw Vale pledged total opposition to the BSC pay offer.

Thatcher pressed on windfall tax

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER came under renewed pressure from Conservative backbenchers yesterday, to introduce a special "windfall" tax on the high clearing bank profits which have resulted from the 17 per cent minimum lending rate.

She told the Commons that the question of any such tax must be left until Budget Day, March 26, when "we shall be giving our minds to it."

Mrs. Thatcher agreed that she had noticed what had been happening to bank profits, but she reminded MPs that these profits were high when times were bad for others, but a good deal lower when times were good.

She was replying to Mr. John Watson (C., Skipton) who pointed out that the banks were increasing their profits which were now "really very high."

He thought they were essentially windfall profits, and should be taxed accordingly.

A series of clashes on the economy between Mrs. Thatcher and Mr. James Callaghan, Opposition leader, took up much of question time. He wanted to know what message the Prime Minister would be sending to the Conservative candidate in the Southend East by-election.

How would she explain the rapid increase in the number of company insolvencies and personal bankruptcies?

There was laughter from the Labour benches when Mrs. Thatcher replied that in fact the latest figures indicated that car production in February exceeded the level of February, 1979.

Mr. Callaghan said he was happy to hear this. But with the rapid rate of insolvencies people would not be able to buy the cars.

Mrs. Thatcher told him: "There is only one way to bring inflation down—and that is the way we are following."

The Conservatives would be grateful if Mr. Callaghan would encourage people not to ask for very high wages without extra production as he knew very well that this would put up inflation.

Mr. Michael Grylls (C., Surrey North West), suggested that the TUC had been playing party politics by tearing up their picketing guidelines "in a fit of pique."

Replied Mrs. Thatcher: "I always thought this particular set of guidelines on picketing properly reflected the criminal law as it stands at the moment. The criminal law is not being changed, so I trust these guidelines will not be changed."

There were complaints from the Tories that despite the Government expenditure cuts, the number of bureaucrats employed in local government had not been reduced.

Mr. John Butcher (C., Coventry South-West) said there had been an addition of 850,000 employees in local government over the last 30 years, and this had not resulted in improved services.

Mr. Keith Best (C., Anglesey), said in a survey by Sir Frank Marshall, for the Conservative Party, showed that local authorities were cutting services, but not reducing manpower by the same amount. He urged the Prime Minister to impress on local authorities that it was essential that services should be maintained and bureaucracy cut.

Mrs. Thatcher said that the survey revealed a most disappointing state of affairs. "It is all too easy for some local authorities to cut sensitive services when they really ought to be cutting administrative bureaucracy," she emphasised.

High level of profits 'an affront'

A STRONG appeal for the Government to introduce a tax on the "windfall" profits of the clearing banks was made yesterday by Mr. Eldon Griffiths (C., Bury St. Edmunds) in a speech to a meeting of women Conservatives.

The high level of the profits were now becoming "an affront to reasonable men," he declared.

"No Government can or should be oblivious to the feelings of the public including in this case a majority of its own Conservative supporters."

He proposed that the Chancellor should introduce a "modest" excess profits tax on the banks or alternatively create a bank-managed pool of risk capital for new entrepreneurs and innovators.

The bank profits were not earned by extra work but simply "raked in" as a result of high minimum lending rate, he said. The banks had failed to share their "unearned bonanza" with their customers.

The enemies of profit on the Left and in the TUC would have a field day with such sky high profits at a time when unemployment was increasing and workers were being asked to reduce the rate of wage increases.

Commons to debate boycott of Olympics

THE PRIME MINISTER told the Commons yesterday she was "astonished" at comments made on Wednesday by Sir Denis Follows, chairman of the British Olympic Association, that short of legal action by the Government, UK athletes would go to the Moscow Games.

Mrs. Thatcher was asked by Mr. Cyril Townsend (Con. Bexleyheath) to comment on remarks made by Sir Denis at a session of the Commons Foreign Affairs Select Committee.

After Mrs. Thatcher had said she hoped MPs would have the chance to debate a boycott of the Olympics, Mr. Norman St. John Stevas, Commons Leader, confirmed that a full Commons debate would take place.

Mr. Townsend said Sir Denis's performance at the committee was "dismal," and asked Mrs. Thatcher what she thought of Sir Denis's comment that "he could better judge the interests of the British people than their Parliament."

Mrs. Thatcher told him: "I did read the reports in the Press, and found I was astonished at what Sir Denis Follows was reported to have said." ...

Replying to the point about Parliament, she said: "I think perhaps we are the best judge of that."

Mrs. Thatcher said she had expressed her views to Sir Denis "in no uncertain way" in a letter, telling him that if British athletes went to Moscow it would seem to be condoning the Afghanistan invasion.

"An increasing number of countries think it would be totally inappropriate for their athletes to attend the Moscow Games," she told MPs.

Block grant provision opposed

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT will have to decide by next Tuesday whether to accept the local authorities' arguments for changing the block grant provision in the Local Government Bill.

The decision will be taken against the background of increasingly open opposition in the party to the provision, which is central to the Bill, and of the growing difficulties for the Government in getting its legislative programme through the House by the summer.

The Bill, which has already been withdrawn once, would replace the existing rate support grant with a new block grant scheme which would give central government more control over local authority spending.

Yesterday the Government was urged by one of its own backbenchers to withdraw the Bill again. Mr. Geoffrey Rippon, a former Environment Minister, described the financial provisions of the Bill as "unworkable" and its planning provisions as "inadequate." The provisions relating to the Urban Development Corporation, he maintained, ought to be in a hybrid Bill.

They were an example of what the Lord Chancellor once described as "electoral dictatorship."

Mr. Norman St. John-Stevas, the Leader of the House, tried to brush off the attack by saying that Mr. Rippon was being his "normal independent and robust self" and that the Government had every intention of proceeding with the Bill.

Mr. Rippon probably does feel more strongly about the Bill than most of his colleagues but many Tory backbenchers are being lobbied by their local authorities to oppose the block grant provision and this lobby could be even more effective in the Lords, where peers are already complaining about the volume of work being piled upon them this summer.

The Government has already said that it would be prepared to consider an alternative proposal to the block grant scheme if the organisations representing the local authorities—all Tory controlled—could come up with a satisfactory one.

HATTERSLEY: No point in Opposition amendments

Yesterday morning, the Local Government Bill committee was adjourned early after Mr. Roy Hattersley, the Shadow Environment Secretary, tried to flush out the Government's attitude to the representations made by the local authority organisations on Monday evening.

The organisations are believed to have put forward a scheme which would have given the local authorities more control over how they spent their money while accepting that central Government could impose an absolute limit on spending.

Just before lunch, the committee reached the clause dealing with the replacement of the rate support grant with the proposed block grant. Mr. Hattersley said there was no point in the Opposition putting down any amendments on this clause if there was still a possibility that the Government might withdraw it altogether in the light of the proposals put forward by the local authorities.

Mr. Tom King, the local Government Minister, was unable to give Mr. Hattersley the assurances he wanted so the committee was adjourned but Ministers will have to make up their minds what to do about the clause by next Tuesday when the committee is due to meet again.

Lords move on school transport

By Philip Rawstorne

THE GOVERNMENT'S plan to save £32m through the imposition of charges for school transport appears to be heading for defeat in the Lords in spite of last minute concessions.

Mr. Norman St. John Stevas, Leader of the Commons, confirmed yesterday that the Government would be tabling an amendment to the Education (No. 2) Bill to restrict the charges to the first two children of any family.

But the Duke of Norfolk, leader of a group of Roman Catholic, Tory and independent peers who are opposing the charges, said yesterday: "I do not think that in any way satisfies me."

He said he would go ahead with his move to delete the charges clause from the Bill.

"Why should we penalise the poorer people who live in the country compared with people who live in towns?" the Duke demanded.

"Many schools have been reorganised, village schools have been closed down, all on the promise of free transport to those schools left open in the next village," he said.

"Religious schools, which have a wide catchment area, have always been built on the asumption of free transport."

Lord Butler, former Tory Deputy Prime Minister and architect of the 1944 Education Act, has also strongly criticised the Government's proposals.

With the full support of Labour peers, the rebels now seem certain to muster enough strength to knock out the charges provisions.

Fears of another Court Lines 'disaster' discounted

BY IVOR OWEN

FEARS EXPRESSED by a group of Labour backbenchers that another Court Lines "disaster" could result from the financial difficulties now facing some package tour operators were discounted by Mr. Norman St. John-Stevas, the Leader of the Commons, yesterday.

He told the House: "I understand that the Civil Aviation Authority has no reason to believe that tour operators will not be able to cover increased charges made by charter airlines from the limited surcharges they can impose on their customers."

As for the "one or two" operators who might have given a no-surcharge guarantee, he had no doubt that they would have included in their brochure prices some provision to cover potential increases in their costs.

Mr. St. John-Stevas was replying to Mr. Michael Neubert (C., Romford), a travel consultant, who described the allegations made by the Labour MPs as "reckless and ill-informed."

He complained that needless anxiety would be caused to millions of holidaymakers.

Mr. Neubert stressed that apart from the £15m in the Air Travel Reserve Fund—established after the collapse of Court Lines—the interests of holidaymakers were further safeguarded by £80m provided under a bonding scheme which tour operators had established.

The Labour backbenchers, headed by Mr. Tom Torney (Bradford S.), made their allegations in a Parliamentary motion expressing serious concern for the stability of the package tour industry.

The motion refers to commitments to charter flight companies "which will result in the bankruptcy of many package tour operators" and calls on the Trade Secretary to take immediate action to avoid another disaster of the kind which overtook Court Lines.

A Private Member's Bill, due to come before the Commons for second reading next Friday, seeks to limit the advance payments which tour operators can take from their clients to 75 per cent of the total cost of the holiday.

When given leave to introduce the Bill, Mr. Ken Weetch (Lab., Ipswich) explained that its provisions would require the remaining 25 per cent to be paid into a secure bank account to be released to the tour operator only when the consumer had confirmed that his holiday had been satisfactory.

Pressure on Parliamentary time available for private members' legislation means that the Bill has no chance of becoming law in the present Parliamentary session.

Details on mobility for tenants

By Andrew Taylor

DETAILS OF a new scheme to make it easier for council tenants to move around the country in search of jobs were announced yesterday by Mr. John Stanley, Housing Minister during the committee stage of the Housing Bill.

The scheme—jointly proposed by the Association of Metropolitan Authorities, the London Boroughs Association and the Association of District Councils—will make it easier for tenants moving from one housing authority to another to find new accommodation.

Counties will seek to reserve a certain number of homes for those moving within the county but to different housing associations.

Tory rethink on EMS membership

BEFORE THE Prime Minister makes her bid, at the EEC summit later this month, to secure a substantial reduction in Britain's £1.2bn net contribution to the Community budget, she is likely to receive another declaration of full support from the Commons.

The Government's acceptance of the need for an early debate on the full implications of Britain's financial commitments arising from membership of the EEC, was reaffirmed yesterday by Mr. Norman St. John-Stevas, Leader of the House.

He indicated that the discussion could also range over reports that the Government may be reconsidering its attitude towards membership of the European Monetary System.

Mr. Peter Shore, Labour Shadow Foreign Secretray, endorsed the need for a debate on the EEC budget.

The Government was reminded by Mr. Nicholas Budgen (C., Wolverhampton South-Wst) that "many MPs of all parties were strongly opposed to full British involvement in the EMS.

He said they would welcome an opportunity to express their distaste for a system of fixed exchange rates and one which might lead to a single European economy, which would be a denial of the sovereignty of the British people.

Mr. St. John-Stevas acknowledged that there were a wide variety of views on the EMS.

Parliament next week

COMMONS

Monday: Debates on owning or renting a house, and on immigration. Motion on the Statement of Changes in Immigration Rules. Consideration of Lords Amendments to the Protection of Trading Interests Bill, and to the Bees Bill.

Tuesday: National Health Service (Invalid Direction) Bill, second reading. Motions on the Representation of the People (Variation of Limits on Candidates' Election Expenses) Order and on the Deaconesses and Lay Workers (Pensions) Measure.

Wednesday: Consolidated Fund (No. 2) Bill.

Thursday: National Health Services (Invalid Direction) Bill, remaining stages. Motions on the Appropriation (Northern Ireland) Order and on the County Courts (Northern Ireland) Order.

Friday: Private Members' Bills.

LORDS

Monday: Education Bill: Committee. National Heritage Bill: Report.

Tuesday: Education Bill: Committee. National Heritage Bill.

Wednesday: Debate on The Brandt Report. Debate on residential homes and care for the elderly.

Thursday: Education Bill: Committee. Appropriations (NI) Order 1980. County Courts (NI) Order 1980.

Friday: Companies Bill: Consideration of Commons Amendments. Education Bill. Committee.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HEATING

Fluid bed boilers start to take off

THOUGH several organisations in the UK have been running experimental fluidised beds for well over a decade and though such beds have been accepted in some areas of industry for several years, it is only recently that their promise as extremely efficient replacements for heavy oil burners has been recognised.

Now, Stone-Platt Fluidfire has unveiled a complete new range of water-tube fluidised bed boilers, and has moved into a new plant for the construction of these units up to capacities of 40,000 lb/hour, as well as of the company's heat treatment furnaces.

Announcement of the range coincides with the installation of a 10,000 lb/hour model from it at Hayward Tyler's factory at Keighley in Yorkshire.

Three prototype boilers have been in operation during the past year at the General Motors Technical Centre in Michigan, U.S.; Professor Squire's Coal Workshop at the Virginia Polytechnic, also in the U.S., and at the company's own plant in Kingswinford, Dudley, West Midlands.

The latter unit has demonstrated its ability to operate on wood, refuse-derived fuel and such difficult materials as rubber and other industrial wastes, all without pollution. Stone-Platt Fluidfire is making available this facility to potential clients so that they can carry out tests on their own special brand of wastes.

Standard and patented boiler equipment derived from this unit will provide steam, or hot water, as required, operating on a very large range of solid fuels from low-grade fuel to wastes of various types.

At the Hayward Tyler plant, where submersible pumps are under production, the first boiler will be commissioned during the spring. It will deliver 10,000 lb/hour of steam at the high efficiency of 82 per cent and is expected to provide a saving of £14,000 a year in fuel and operating costs over the boiler it is replacing.

In general, these patented, packaged boilers have been so designed that maximum height and width does not exceed 14 feet (4.25 metres) and they can be transported complete by road with only the screw feeders and certain other auxiliaries to be added at site.

They use a concave bed which draws the fluidised solids down in the centre and returns them to the surface at the sides to achieve high efficiency of combustion. The fuel is screw-fed below the surface in the centre of the bed and there is a lengthy residence time for the fuel particles below the bed surface to give complete carbon burn-out.

Dolomite or limestone feed can be incorporated when high-sulphur coal is being burned and from 80 to 90 per cent of the sulphur dioxide is absorbed as it forms.

Managing director Michael Virr told the Financial Times that he believed the market for fluid bed boiler packages was taking off both in the UK and the U.S.

The company's U.S. associate, Johnston Boilers, currently had eight fluid bed boilers on hand for delivery this year, and Virr expected to announce several UK orders in the near future. One of these could be for a unit intended to incinerate tyre waste without smoke.

Stone-Platt Fluidfire, 56 Second Avenue, Pensnett Trading Estate, Brierley Hill, West Midlands, DY6 7PP. Kingswinford 278566.

● MATERIALS

Labels will resist hard wear

ALTHOUGH similar in appearance to conventional labelling fabrics, Polyfab is said to be cheaper, in addition to being resistant to scuffing and water, steam, grease and chemicals, says P. P. Payne, Haydn Road, Nottingham (0602 607221).

Developed for use by manufacturers in clothing and allied fields the new polypropylene fabric is available in satin, white embossed and plain white, in widths from half an inch up to six inches.

● TRANSPORT

Workshop on wheels

DESIGNED FOR use in remote areas (one is being used by the Tanzanian Government for its agricultural industry) is a rugged, mobile workshop produced by H. Steiner of Park Hall Road, Longton, Stoke-on-Trent. (0782 315131).

This is equipped with all the tools needed for the repair of civil engineering plant and farm equipment, including an arc welding plant and a cleansing unit for cleaning the nozzles on diesel engines.

Tools are bench mounted on lockable storage units, and the workshop is supplied complete with spare parts and hand tools to customer specifications.

Interior also has a sink, plus water tank, air conditioning and a two hob electric cooker. It is light, having large glass windows protected by wide wire mesh, and two doors.

Measuring 24 by eight feet and 12 feet high, the steel framed structure is fitted with a 1 ton at 4 metre crane and has its own self-contained generator and compressor.

The unit can be supplied as a trailer, container, or demountable truck-mounted type and as a fixture on a suitable truck chassis.

Converts trucks to tippers

A WEST MIDLANDS commercial bodybuilder has produced a bolt-on lightweight tipping mechanism enabling existing or new flat load trucks to become tippers without loss of body length and with only minimal additional overall weight.

The system consists of two steel or alloy frames linked by a scissor hoist. The lower subframe is bolted to the vehicle's chassis and the lift frame attached to the underside of the body. This arrangement enables the body to be raised to an angle of between 40 and 55 degrees in only 10 seconds. Lifting capacity is 2,000 kgs. The unit is operated through an electro-hydraulic power unit controlled from inside the cab.

Initially, the unit is being produced to fit vehicles up to 3.5 tons gross vehicle weight with body lengths up to 10 ft. Such is the design of the unit, however, that the lightweight and rugged chassis frames can easily be increased in length to accommodate larger vehicles says Acoma (Bilston), Dale Street, Bilston, West Midlands (0902 42331).

● PROCESSES

Surface treatment of lenses

A METHOD of using industrial diamonds plated into a fabric *pad for the resurfacing of glass* spectacle lenses has been devised by J. and S. Wylde, Regent Industrial Estate, Kingston Road, Leatherhead, Surrey.

Following closely on the company's recent introduction *of Interpad diamond pads for* CR 39 plastic lenses, the new range for glass is called Speedcut, and is available with mesh sizes of 120-200-600.

Extensive trials on different machines, it is stated, show a consistent pattern of 30-40 per cent improvement in output *compared with current* emery procedures. Operations are carried out in the more acecptable medium of plain water, rather than the usual muddy abrasive slurry.

The pads need only about 15 *seconds to transform a generated* glass lens to a condition requiring only one instead of the normal 6 minutes in emery. However, says the company, with the use of certain machines and procedures it is possible to dispense with emery altogether and go straight to final polishing.

The pads are called Speedcut, are non-adhesive and only require a cheap foil backing for location. They can be interchanged to different curvature tools as often as necessary and *no tool recutting is required.*

Costing £12.25 each they have an expected life of 500-1000 lenses and research is going on to investigate the possibility in the future of a reclaim allowance on used diamond pads.

Strips cable without damage

ALTHOUGH THE idea of stripping the *insulation* from wire and cable by means of a laser beam is not novel, Coherent (UK) claims to be the first company to launch an integrated system geared to present industrial requirements.

The equipment makes use of a 50 watt carbon dioxide laser incorporated into a system which can strip cable having up to 1100 strands without damage to any of them.

The *nicking* of a wire in aircraft equipment for example can be a dangerous matter since fatigue effects can then produce fracture after a sufficient number of cycles. The equipment was originally designed *for* the aerospace industry, but now computer manufacturers are demanding similar standards says Coherent.

The wavelength employed is absorbed by the insulant and rejected by the metal. The insulant is melted while the beam is simply reflected from the metal. The process is clean, fast and repeatable. Two work-stations are used, the beam being switched between them to maximise ultilisation of the laser.

More from 13, The Mall, Bar Hill, Cambridge CB4 1DZ. (0223 51538).

Relining water mains

FOLLOWING PIONEERING work with paint techniques for *relining* water mains in the UK, General Descaling Company has introduced its epoxy-resin and bitumen relining processes to France.

This Worksop company has licensed water-main cleaning specialists SENC of Paris to market both processes.

After evaluation by the French *official chemist*, both have been granted certificates of approval by Service de Controle des Eaux, Ville de Paris. This means that they are cleared for application to any suitable water main in France.

SENC will initially concentrate on the bitumen process. Demonstration trials by a GD team have already been successfully *carried out in Paris*, St. Armand Montrand, Montargis and Melun.

A contract was subsequently placed for the cleaning and relining of 5km of water mains in the Melun area. Work on this project—the first bitumen relining operation in France—will start in April, under GD supervision.

General Descaling, Retford Road, Worksop, Notts S80 2PY. Worksop 473211.

Supplies a lot of hot air

INTENDED FOR use where instant controllable flameless heat is required, is an industrial heat gun made from diecast aluminium, the HG502, available from Eraser International, Unit M, Portway Industrial Estate, Andover, Hants (0264 51347).

Applications for the gun include shrinking tubing and processing solder sleeves in the electronic industries, welding plastics, surface drying, shrink packaging, etc.

It provides a variable temperature air flow between 500 and 750 degrees F, and may be used held in the hand or mounted on the bench as it includes an integral bench stand.

The unit is said to be almost *silent in operation* (especially important when a heat source is required in the electronic manufacturing industries) and operates from 230 volt 50Hz single phase supply at 7 amps, and produces an air flow of 9 c.f.m. with an air velocity of 1300 f.p.m. It weighs only 3.75 lb.

● IN THE OFFICE

Copies very long originals

FULLY AUTOMATIC, a dyeline production printer, the GAF Series 2000, is capable of a linear speed of up to 25 metres per minute (80ft/min).

It has a basic printing/developing section (20001) with an automatic roll-feed unit (2004) attached. In addition, there are many options to provide the user with the degree of flexibility required.

GAF 2000 accept originals up to 1200 mm (47½ in) wide x 5.5 m (18 ft) in length. The printing section employs a switchable 7500 W mercury vapour lamp and a large diameter glass cylinder for maximum sharpness and quality. The printing and developing sections are synchronised with the automatic paper feed at all speeds up to maximum.

The auto-feed unit (2004) houses up to 1,000 yards of sensitised *material in four rolls* in a light-tight, humidity controlled compartment. To permit the use of special materials, this unit can be *separated and the rolls fed* manually.

GAF (Great Britain), P.O. Box 70, Blackthorne Road, Colnbrook, Slough SL3 0AR. *Colnbrook 4567.*

● HANDLING

Steel makes less noise

ONCE THE steel mills re-open noise levels within the finishing departments of steel section *mills could be cut substantially* with a new skid rail developed by *Lamberton* and Co., Coatbridge, Scotland, as a direct replacement for existing rails.

Dragging rolled sections across conventional skid banks, which may be over 40 metres in length, to enable cooling to take place, *produces a high screeching* sound which measures between 115-120 dBA during the complete length of its travel. This level is considerably in excess of the recommendations within the Code of Practice laid *down by the Health and Safety* Executive, of 90 dBA, but previously no satisfactory alternative method has been available. Even wearing ear pads, personnel working in this part of steel mills are prone to hearing *injury over a long period.*

Noise tests on a section of Lamberton low noise skid rail, which was installed on a typical skid bank, produced an acceptable "rumble" measured between 80-85 dBA.

Consisting of a series of individual, circular steel discs, mounted alternately in two rows along each rail, the low noise skid works by the discs revolving when passed over by a steel section. Designed to withstand heat and mill scale, a bank of discs installed at a production mill has been successfully operating, without any noticeable wear, for over 12 months.

Lamberton and Company, Sunnyside Works, Coatbridge, Scotland ML5 2DL.

Lifts itself on to a lorry

NOW ON a demonstration tour of Britain is a Dutch forklift with a three-wheel drive and the ability to operate rather like a rough terrain truck where ground conditions are far from ideal.

When it has finished a job, the *forklift plugs into the back of* a lorry and lifts itself off the ground, ready to hitch-hike on to its next job.

The lorry driver is able to unload *his own lorry without any* outside assistance says the maker of the Kooi Aap which was first developed by the Kooi Brothers in Friesland, Holland, for picking up one-ton boxes of bulbs and loading them on to their transport.

More from Kooi Aap UK Sales Office, Horton, Bristol (0454 313305).

● INSTRUMENTS

Hardness tester

AN INSTRUMENT which weighs only 4 lb can be carried in a leather case over the shoulder is said to be the answer to most problems of hardness testing of finished components that are unsuitable for mounting on standard bench machines.

Fold-away handles are provided for holding the instrument and for applying *pressure by hand* during the measuring process.

Designed for use under different conditions, a moveable scale support allows simple *compensation* to be made for the effects of varying ambient temperature on the instrument so that calibration is maintained.

A clear and easily read dial gauge is mounted in the face with graduations showing direct indication of hardness in both Vickers and Rockwell scales.

Model PHT can be used in any attitude and on a variety of surface shapes and *sizes* says Hardness Control Instruments, Maylite Trading Estate, Martley, Worcs (088 66 493).

Accurate location of the instrument in a plane normal to the test surface is facilitated by a bell-mouth shroud surrounding and protecting its shaped diamond indentor. Hand pressure through this spring loaded shroud against a specimen allows the indentor to contact—then penetrate—the test surface under an accurately controlled 10 kg load.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The company that shocked the oil industry

David Lascelles on the aftermath of Ashland's decision to sell half its oil and gas reserves

THE oil industry has been buffeted by new developments of all sorts over the last two years. But few were as curious as the mid-1978 announcement by Ashland Oil, the Kentucky-based oil company, that it had decided to *sell off its oil and gas reserves.*

To hardened oilmen, this was little short of incredible: oil companies don't sell reserves—they *buy* them, and develop them. But even outside the industry, Ashland had people scratching their heads. It was plain for all to see that oil supplies were becoming costlier and less reliable by the month, so why should a company want to complicate things for itself by selling the few resources it had?

Today, Ashland's move looks *even more bizarre.* Oil has virtually doubled in price, and the Iranian crisis has shown how vital it is for oil companies to *have reliable sources of supply,* preferably their own.

As it turns out, the Ashland announcement was something of *a storm in a teacup: the company* had little oil and gas to start with (only 10 per cent of its needs), and far from selling *all of its reserves,* it only sold half. Furthermore, the sell-off was not an end in itself, but part of a sweeping "redeployment" plan affecting all branches of Ashland's operations, designed to concentrate on its strong areas, to raise cash flow and improve returns.

That plan is now about half *complete,* but already the company claims it is working. Orin Atkins, the chairman, says that after selling off more than $1bn in assets, Ashland is in much better financial shape, and far better equipped to face industry in the 1980s as well. His shareholders agree with him—as well they might, having seen their shares double in value in the last two years—about half as well again as the industry average. But others say only time will tell whether Ashland has done the right thing. But the restructuring has increased its vulnerability to the world oil market, and made the company new enemies in the oil business.

Ashland's *case* is unique. But the reasons that propelled it on *to its new course have a strong* bearing on the financing prob*lems of corporate America to*day, as well as on the country's energy future.

Orin Atkins, chairman and chief executive of Ashland Oil

Always something of a loner. *Ashland is the largest of the* so-called "independents" (companies outside the ranks of the fully integrated majors). This *leaves it awkwardly poised* between the multi-billion dollar end of the business with its huge oil investment areas like *Alaska, and the strongly entre*preneurial, high risk companies which proliferate at the small end, particularly in the explora*tion field.*

Before its divestiture, it was also, for its size, quite widely diversified. It had a large coal operation. *In chemicals it had* moved beyond petrochemicals into unrelated areas like carbon black and foundry products. It *also owned Ashland-Warren, one* of the largest construction companies in the U.S., and Levingston Shipbuilding.

Geographically, too, Ashland is an odd man out, based far from bustling cities in the wooded hills of Kentucky overlooking the Ohio river valley. The nearest airport is 20 miles away in the neighbouring state of West Virginia, and the closest hotel is across the river in the state of Ohio.

But this idyllic, if remote, setting is important. For one thing it makes Ashland by far the largest company in its home state, *which gives it political* clout. For another, its fortunes are tightly intertwined with those of the Ohio Basin: it uses the river network to ship in and distribute most of its oil products, using one of the largest barge fleets in the U.S. Many of its refineries *lie along the* rivers, as do most of its markets.

On the other hand, Ashland was never deeply involved in exploration and production. The few oil and gasfields it owned were scattered far and wide across the U.S. and abroad; and, *unlike the majors, it did not* own sea-coast refineries capable of handling oil shipped in from overseas. "Most oil companies *refine close to their oil.* We refine close to our markets," said one company official. "That's an important difference." *The reason for this is* that Ashland was historically a *refining and marketing com*pany which subsequently went into exploration.

ASHLAND'S DIVESTITURES			
DATE	DIVISION	PURCHASER	
Oct. 1978	Ashland Oil, Canada	Kaiser Resources	316
Dec. 1978	Coating and Resins	Textron	20
Jan. 1979	Chemical Products	Schering	60
April 1979	N.E. Region of Ashland-Warren	Thomas Tilling	42
March-April 1979	Oil and Gas Properties in the U.S. and UK†	BNOC	752*
		Getty	
		Tenneco	
		Mesa	
		Lear	
		Petro-Lewis	
		Charterhouse	
		TOTAL	1,190

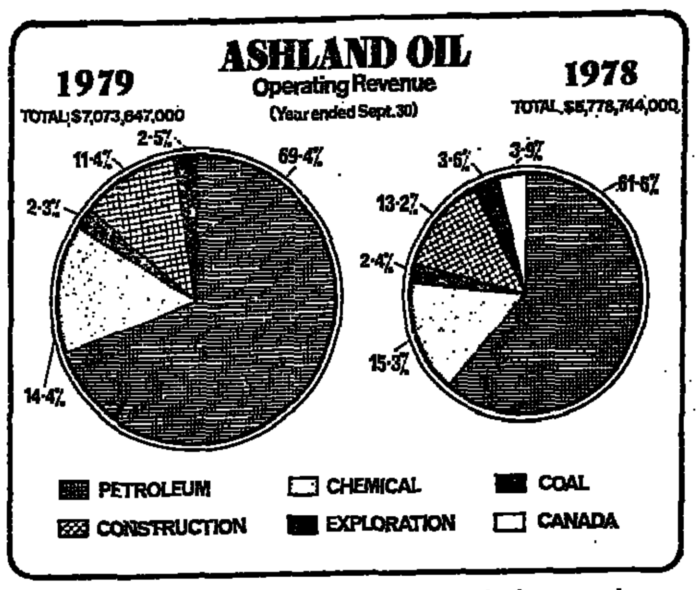
* *Excludes assumption by purchasers of $100m in debt.*
† Interests in the Thistle and Brae Fields.

It was against this background that *Ashland* began, *in early 1978,* to consider a problem common to much of U.S. industry these days: how to improve *profitability* and *earn a better* return for shareholders.

After careful analysis, Atkins and his colleagues concluded that Ashland's most profitable operations and strongest prospects lay in refining and marketing, and in one or two subsidiairy activities, *like coal.* The rest of Ashland's operations, while mostly profitable, were deemed to be marginal *and ultimately dispensable.*

The big question, though, was whether Ashland *should* risk selling its oil properties at a *time of growing world uncer*tainty about oil. But there were several arguments for going ahead.

One *was that Ashland's* oil and gas reserves were not that big. Its oilfields, yielding some 37,000 barrels a day, provided *the company* with about 10 per cent of its oil needs. The reserves also had a half life of only five years, and over two-*thirds of them were natural gas.* Furthermore, Ashland was concerned about the restrictive oil policies of the UK and Canada which prevented it from making free use of the crude it produced there.



(Charts exclude gain on sale of operations, equity income and intercompany sales)

Another compelling—if somewhat mischievous—argument was the near certainty that if a critical crude shortage did develop in the U.S., the federal government was bound to step in to compel oil-surplus companies to sell the oil-short. (As it turned out, this is precisely what happened.)

So the decision was taken to sell.

Not surprisingly, Ashland had little trouble finding buyers. Local concerns bought its reserves in Canada, the North Sea and the U.S. (at well above Ashland's bottom price, says Atkins). A British company, Thomas Tilling, snapped up the part of the Ashland-Warren construction subsidiary that was for sale (Ashland has kept the remainder which is geographically much closer). By the end of last year, Ashland had realised a total of $1.2bn.

Atkins concedes that Ashland might have got more for its oil and gas reserves if it had hung on to them through the recent price boom—maybe 10 per cent more. But he says this should be measured against the benefits Ashland has reaped from having this immense sum to hand—equivalent to nearly twice its 1979 revenues. Broadly, it is being put to three uses.

The first is to improve the company's financial structure. Over the past year, Ashland has bought in and retired over 20m shares, reducing the outstanding from 47m to 26m. This helped push the share price up from around $20 to over $40, much to the shareholders' delight. By repaying other obligations, Ashland also reduced its long term debt from 42 to 32 per cent of total capitalisation.

Next, Ashland plans to strengthen its refining and marketing capability. The fact that it has a well-established refinery network is itself a big plus; environmental and other planning constraints are now so tight *that it is virtually* impossible to build new refinery capacity in the U.S. today. This weighed heavily in Ashland's *redeployment decision since it* means that the refinery industry is virtually closed to new entrants.

Apart from upgrading its refineries, Ashland is investing in new technology which will make better use of oil, and will *turn out products* like unleaded petrol for which demand is growing sharply. Ashland is also adapting its refineries to use high-sulphur crude which, though dirtier than "sweet" crude, is cheaper and more readily available. Eventually, Ashland hopes to use technology which will refine the complete barrel, including the sludge at the bottom which is normally sold off cheap for road surfacing and similar uses. There is already a pilot plant to do this and the company claims to be ahead in this particular technology.

Mr. Atkins comments: "This should reduce our crude oil requirement by 20 per cent."

However, Ashland must eventually confront a major obstacle: the continued regulation of U.S. petrol prices. While crude is being freed from price control, petrol is not. And though refiners can pass some of their extra costs through to the motorist, they cannot set prices on a free market basis. And until a further administration sets a policy on petrol pricing, and *unless these fetters* are removed, the long term economics of petrol production will remain in doubt.

Third, Ashland wants to diversify into promising new areas using the $300m it still has left from its disposals.

So far, its progress in this direction has been somewhat half-hearted. Ashland made overtures to Tosco, the West Coast refiner, and *NLT,* a Tennessee-based insurance company, but did not press the point when both said no. This seemingly curious *latter* choice, Atkins explains, was because he saw insurance companies to be like banks, very large assets and good steady growth.

"We have no trouble waiting," says Atkins. "This may not be the time to make an acquisition," he adds, referring to the general uncertainties facing the U.S. economy. He might also have said that Ash*land is reaping a hefty return* on its cash hoard in the money markets, thanks to record high interest rates, so there is little *incentive to plough the money* back into industry just yet.

Despite these sweeping changes, though, Ashland is *keen to convey the impression* that there have been few stresses and strains. The company's operating income is up *for 1979, and* none of the senior management has quit.

Supplies

However, there is still a question mark over its oil supplies.

When the government ord*ered several other companies* to sell oil to Ashland at the end of last year—under a long-standing emergency allocation *measure to ensure* supply to consumers — there was an uproar in the industry, and nine of them tried—unsuccessfully—to have the order overturned in court.

Marathon, an independent like Ashland, complained bitterly that companies who had gone to the trouble and expense of developing their own oil supplies were, in effect, being penalised. Not only was Ashland getting their oil, but it was getting it cheap—at around $29.50 a barrel when the going rate was in the mid-$30s.

But Ashland suffered nevertheless. *It lost 100,000 barrels* a day and was awarded 80,000, which was later cut back to 60,000. This obliged it to shop even harder on world markets to keep its refineries busy. Today, these are operating at about 80 per cent capacity, which Atkins says is adequate.

Some observers maintain, though, that Ashland has regretted its decision to sell its oil and gas and is quietly reversing that policy. The company has not disbanded its exploration and production division. Indeed, it has earmarked $35m for exploration and production this year, nearly *$10m more than last year,* and is active in two of its traditional locations: Sharjah, Nigeria, and a new one, Guatemala.

Furthermore, Ashland never sold all its reserves, only about half, and most of the wells it retained in the U.S. are so-called stripper wells, producing 10 barrels a day or less. This is a shrewd move since "stripper oil" is exempt from U.S. price controls, which means it sells for over twice the price of regulated crude. *Thus Ashland has retained its* most valuable oil.

But Ashland denies that there has been any change in plan.

The underlying aim of its oil and gas property reshuffle is to get its hands on oil which it can ship straight in to its refinery, *like oil from Sharjah,* Nigeria and, now, Guatemala. And it will continue to invest in such types of crude.

This does not, however, wholly explain the sale of the U.S. properties. The company's explanation for this is that the sale was conditional on its being able to buy all the production itself. Thus it realised the capital value of the properties, *which served Ashland's other* goal of increasing cash flow, without losing access to the production there.

As for the allocation rumpus, Atkins says Ashland had so little oil anyway that it would have had to appeal for special supplies even if it had kept its properties.

Meanwhile, he predicts that the company's earnings will rise by about 20 per cent this year, which is considerably faster than before, thanks to its leaner look. And while he does not expect other oil companies to rush to follow Ashland's example, he believes he has given them something to think about.

Business courses

Marketing Management Course, Brussels. April 14-18. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Quality Assurance in the Smaller Business, High Wycombe. April 17. Fee: £50 (plus VAT). Details from The Institute of Quality Assurance, 54, Princes Gate, *Exhibition* Road, London SW7 2PG.

Analysis of Financial Statements, Bradford. April 27-May 2. *Fee: £260. Details from the* Course Secretary, Finance and Accounting Programmes, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Techniques for Strategic Planning, London. *April 21. Fee £45* (plus VAT) members, £60 (plus VAT) non-members. Details from the Society for Long Range *Planning, 15 Belgrave Square,* London SW1X 8PU.

هكذا من الأصل

LOMBARD

Recycling the OPEC surplus

BY DAVID MARSH

CENTRAL BANK governors will be assembling at their monthly rendezvous in Basle next Monday for what promises to be a meeting dominated by two burning issues. Top of the agenda will be the report on Euromarket controls that has just been drawn up after months of work under the aegis of the Bank of International Settlements. But the central banks will also be taking stock of the currency support battle that many of them have been waging with the use of intervention and interest rate weaponry over the past month.

Elegant plan

Basle meetings are not renowned for dramatic initiatives. But the governors might care at least to consider an elegant plan that would simultaneously contract the volume of potentially disruptive Euromarket liquidity and bolster currencies that have recently been declining against the buoyant dollar. The proposal is that West Germany, Japan and Switzerland should make arrangements to issue substantial amounts of long-term government bonds directly to monetary institutions in the oil exporting countries.

Apart from easing two of central bankers' main current headaches, the plan would also go some way towards meeting the desire for diversified currency reserves on the part of the oil exporters while at the same time stabilising exchange rates. It would provide a far better way of proceeding in an orderly manner to a multi-currency reserve system (which a surprising number of central banks now admit is inevitable) than the bureaucratic and inefficient plan for an IMF substitution account.

Large scale foreign borrowing by countries that only 18 months ago were doing all they could to hold down their currencies might seem an adventurous idea. But Germany and Japan are now running substantial current account deficits, while Switzerland is worried about a much-reduced surplus and about capital outflows.

After the dollar's sharp rise and the associated heavy surge in import prices, all three countries have already taken significant steps over the past few weeks to attract currency inflows. Interest rates have been raised, and all three central banks have been intervening heavily—probably to the tune of around $3 to $4bn over the past 10 days—to support their currencies against the dollar.

Direct measures to recycle the OPEC surplus are urgently necessary on wider grounds. This year's surplus is now put by the U.S. Treasury at $120bn—far higher than earlier estimates partly for the very reason that rising international interest rates are adding to OPEC's investment income (just as they are increasing the debt servicing costs of the deficit nations). Much of these excess revenues is being placed in dangerously short-term Euromarket deposits—partly because of the big rise in short-term rates. International bankers in London say they are awash with liquidity, much of it withdrawable at a day's notice. Encouraging OPEC to turn to longer term investments away from the Euromarket would be in the best traditions of central bank stability policies.

U.S. attitude

It would also be not far removed from what is going on already. The Tokyo finance ministry is now encouraging Japanese companies to raise yen finance from OPEC. The Swiss National Bank is trying to attract official deposits in Swiss francs, and has been planning for some time the issue of Swiss franc bonds to central banks among the oil states and elsewhere as a way of controlling the "internationalisation" of the currency. And the Bonn finance ministry carried out large scale foreign borrowing from OPEC, via promissory note issues, as recently as 1976.

At a time when the American inflation rate is still well above the international average, the U.S. would surely have no objections to measures to restrain the dollar's firmness. And the plan would strengthen the links with OPEC monetary institutions that the West has sometimes been too slow in forging. It should at least get a mention in Basle.

Suffolk's port in the big league

AROUND BRITAIN

FELIXSTOWE

SEVENTEEN YEARS ago Felixstowe was a sleepy little port across the estuary of the Stour and the Orwell from its better-known neighbouring ports of Harwich and Parkeston Quay. Holidaymakers brought more money into the town than the port, which then employed only 250 people.

Today Felixstowe is in the big league of British ports and the docks dominate everything. Some 2,300 people are now employed there and at least another 1,500 indirectly in such activities as road haulage and warehousing. Daily ferry services link the port with Europe. Wage rates for many of the dockside workers are among the highest in the country.

Last month European Ferries, which has owned the port since 1976, announced a £27m expansion plan to lengthen the quays, double the container handling capacity within 18 months, add to the amount of warehouse space, and introduce new container-handling equipment.

In job terms the expansion will not be very significant. About 100 more people will be needed, and since Felixstowe has a low level of unemployment most will probably come from within a radius of a dozen miles rather than from the town itself. Unlike many older industrial communities, workers in Suffolk have few inhibitions about travelling to work and the docks already draws its workforce from a wide area.

While all of Felixstowe's eggs are by no means in one basket, the port certainly dominates as the major employer. Elsewhere, there are also Fisons' administrative headquarters, some production outlets in electric meters, yeast and caravans, and tourism continues to play an important role. But the town's prosperity will remain tied to the docks because there is little room for any other expansion.

Felixstowe is hemmed in on one side by the river and on another by good agricultural land. Within a short distance there is land designated as an area of outstanding natural beauty. There is so little land available for development outside the docks complex that Suffolk Coastal, the local authority, is concentrating industrial expansion at Martlesham Heath, about six miles away, where the Post Office already has a research unit and where there is plenty of space.

In order not to allow the docks to dominate the town to the detriment of all other activities, the local authority is endeavouring to boost the holiday business. Talks are being held with two hotel groups to see if they can be induced to develop on prime sea-front sites. There is one four-star hotel, the Orwell Moat House, and two with two stars, but the rest are guest houses.

Since most holidaymakers come from East Anglia this might seem about the right mix. But with the development of the docks, and the rapid rise of the town as a ferry terminal for northern Europe, there is felt to be a need for more sophisticated facilities. This is all the more important because the town has been successful in playing host to an increasing number of conferences.

All aspects of the town's economic life have benefited enormously from the development of the A45 trunk road. For most of its route this road now provides uninterrupted dual carriageway from the A1, giving Felixstowe excellent links with the East Midlands as well as East Anglia (the A45 passes Bury St. Edmunds, Cambridge and Northampton before ending in Coventry). But for the heavy container lorries to draw full benefit from it, there is a need for a motorway standard link between the A1 and the M1.

Two of Felixstowe's latest Douglas Tugmasters used to transport containers between quayside cranes and the port's new Transtainer gantry cranes.

The one bottleneck at the moment is Ipswich, where traffic has to use a suburban through-road. By 1983 this will no longer be necessary as the A45 dual carriageway will by-pass the city, linking it to the A12 from London.

The A45 takes the lorries directly onto the dock area, so freeing the town from industrial congestion. Most of them carry containers: Felixstowe was the first port to see the real growth in this field and its success over the past 15 years has been due very much to its ability to attract this type of traffic.

Last year, 5.49m tons of non-oil goods passed through it, a rise of 14 per cent over 1978. The big growth has been in the handling of "units," which is why European Ferries is putting so much more into developing this and allied activities.

Growth has led to prosperity all round. The work force is among the best paid in the country, with the semi-skilled men earning at least £7,000 a year and a good many of them topping £10,000. "If we put an ad. in the paper for a couple of workers," the company says, "we get about 400 replies." Priority now goes to those recommended by someone already there: this means you need to have a friend or relative to get a job shifting the containers.

Ironically, while Felixstowe has little land for expansion, Harwich across the estuary has plenty. Between it and Parkeston Quay are 300 acres of drying mud flats known as Bathside Bay. Outline planning permission to develop the area, which would involve about 4,300 ft of quays, was given as long ago as 1972. Parkeston, too, has land enough for 60 acres for industry and 250 acres for warehousing.

If both these could be developed they would provide competition for Felixstowe. They would also provide the potential for a port that could even prove a challenger to Rotterdam. Felixstowe would undoubtedly gain from such competition. The big question is whether the privately-owned Harwich and the state-owned Parkeston Quay have the drive and the resources to develop to their full potential.

Anthony Moreton

Apprentice school recommended

RACING

BY DOMINIC WIGAN

MANY PEOPLE in racing will be glad to hear that the Joint Racing Board Working Party, set up last year to review apprentice training, recommends the establishment of a permanent apprentice training school in self-contained premises.

The school should provide a two-tier system of training. Basic courses would train stable staff in elementary duties up to the standard of exercising thoroughbreds. The advanced riding course would provide for the needs of work riders and potential Flat and jump jockeys.

The report emphasises that, unlike almost every other major racing country, Britain does not have its own apprentice establishment. It is felt that such a school would be the best means of providing the minimum intake of 100 qualified stable employees each year considered necessary to ensure adequate standards in training establishments are maintained.

Initial capital cost of the school is estimated at more than £300,000 and annual running costs at a minimum £110,000 at present prices.

The Working Party recommends the immediate establishment of a charitable trust as an appropriate vehicle for raising the necessary finance, both from within the industry and possibly from commercial sponsors.

Looking ahead to the Flat, there is further encouraging news. Contrary to some forecasts last year, which suggested sponsorship might soon not be keeping pace with inflation, the reverse seems to be true.

One notable sponsored event, which not only boasts a greatly increased prize for 1980 but has been framed to attract a fine response, is Lingfield's Johnny Walker-sponsored Oaks Trial, on May 9.

It will be bitterly disappointing for the sponsors, the racecourse executive and racing in particular if this race does not attract a good field.

In addition to the prize money being increased by 40 per cent since last year, added attractions are a £600 travelling allowance for participants from outside Britain who are engaged in the Epsom classic, and a portrait of the whisky firm's race winner by Lynn Alexander.

SANDOWN

1.45—Lavengro**
2.15—Fairy Spirit*
2.50—Gay George
3.25—Mister Know All
4.00—Socks
4.30—French Charisma***
5.00—Coolarin Boy

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk & Sun. 1.15. 4.30 7.55. Late show Sat. 11.00. 2: THE ONION FIELD (X). Wk. & Sun: 2.00. 5.00. 8.00. Late show Tonight & Sat. 11.00.

CLASSIC 1, 2, 3 Haymarket (Piccadilly Circus Tube). 01-839 1527. 1. APOCALYPSE NOW (X). A 70 mm Dolby Stereo presentation. Progs 1.30, 4.30, 7.40. 2. RISING DAMP (A). Progs. 1.05 (not Sun), 2.45. 5.25. 8.00. 3 Dudley Moore "10" (X). Progs. 1.00 (not Sun), 3.05. 5.40. 8.15.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London. W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Roobarb and Secret Squirrel. 4.30 Jackanory. 4.45 Tarzan, Lord of the Jungle. 5.10 Rentaghost. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Young Maverick.
7.50 Butterflies.
8.20 Francis Durbridge.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 *The Fall and Rise of* Reginald Perrin (London and South East only).
10.45 Regional, National News.
10.50 The Late Film: "One of Those Things" starring Judy Geeson and Roy Dotrice.

All Regions as BBC1 except as follows:

Wales—1.45-2.00 pm Cwmtigili. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Pobol y cwm. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-1.03 am The Late Film: "The Teahouse of the August Moon."

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 1.00-1.30 Cearcall. 5.55-6.20 Reporting Scotland. 10.15 Spectrum (*Louis Fremaux* conducts Rossini, Ravel). 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Lammas Fair. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); *Spotlight* South West (Plymouth); 10.15-10.45 East (Norwich) Times Remembered; Midlands (Birmingham) Action 80!; North (Leeds) Jimmy Savile's Yorkshire Speakeasy; North East (Newcastle) Coast to Coast; North West (Manchester) Home Ground; South (Southampton) Bioscope Days; South West (Plymouth) The Moving Line; West (Bristol) Public Life.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
†5.40 Flash Gordon.
6.00 Monkey.
6.45 Delia Smith's Cookery Course: Part 2.
7.10 Gardener's World.
7.35 Mid-Evening News.
7.45 Window on the Square.
8.10 Talking Pictures.
9.00 Pot Black 80.
9.25 Pro-Celebrity Golf.
10.15 An Evening with James Galway.
11.05 Jazz played by Terry Callier, Lee Ritenour and Grover Washington.
11.35 Late News.
11.50 Friday Night . . . Saturday *Morning.*

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. *1.30* Together. *2.00* After Noon Plus. 2.45 Friday Matinee: "Emily, Emily." 4.15 The Tomorrow People. 4.45 Magpie. 5.15 *Emmerdale Farm.*
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 Play Your Cards Right.
8.00 Life Begins at Forty.
8.30 *Hawaii Five-O.*
9.30 Fully Licensed for Singing and Dancing.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Pro-Celebrity Snooker.
12.30 am Close: Rita Tushingham reads poems by Roger McGough.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Happy Days. 6.00 About Anglia. 10.30 Seven Days. 11.00 Friday Late Film: "Dr. Scorpion." 12.40 am Your Music at Night

ATV

12.30 pm Out of Town. 1.20 ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 ATV Newsdesk. 11.05 Murder at the Movies: "Ten Rillington Place."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 Your M.P. 11.00 Friday Night Movie: "Ben." 12.38 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On, Where and Weather. 2.45 The Friday Matinee: Columbo. 6.00 *Report at Six. 6.35 In Search Of . . .* Astrology. 8.30 The Incredible Hulk. 10.28 Channel Late News. 10.36 The Westward Lecture: Crime, The Public and The Media. 11.05 Brown Study. 11.25 TV Movie Premiere: "Someone I Touched." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. *1.20 pm North News Headlines. †2.45 Friday Matinee:* "A French Mistress" starring Cecil Parker, James Robertson Justice and Agnes Laurent. 6.00 North Tonight. 6.35 Sportscall. 8.30 Vegas. 10.30 Reflections. 10.35 The Brinsworth Award Show. 11.35 Streets of San Francisco. 12.30 am North Late Night Headlines, and Road and Ski Report.

GRANADA

11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Movie Premiere: "Dead Man on the Run." 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.15 Soap. 11.45 House of Horrors: "A Study in Terror."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Foreign Exchange." 5.15 How's Your Father? 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 Report Extra. 11.05 The Friday Film: "I Monster."

HTV CYMRU/Wales—As HTV West/HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 12.00-12.10 Mistar Clai. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur a Champ. 5.15-5.45 White Light. *6.00 Y Dydd. 6.15-6.30 Report Wales.* 10.35-11.05 The Westward Lecture given by the Home Secretary, the Rt. Hon. William Whitelaw.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Power Without Glory. 3.45 Money-Go-Round. 5.15 The Electric Theatre Show. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 Thingummyjig. 10.30 Ways and Means. 11.00 *Late Call.* 11.16 Appointment With Fear: "Dr. Phibes Rises Again."

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Mork and Mindy. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. 11.35 *The Late, Late Premiere:* "Bravo Maestro."

TYNE TEES

9.20 am The Good Word followed by *North East News Headlines. 1.20 pm* North East News and Lookaround. †2.45 Friday Matinee: "Double Bunk" starring Ian Carmichael. 5.15 Laverne and Shirley. 6.00 Northern Life and Sportstime. 10.30 North East News Headlines. 10.35 "Taste the Blood of Dracula" starring Christopher Lee. 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Destination Inner Space." 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 *Sportscast.* 11.00 *Witness.* 11.05 *Friday* Film: "Night Terror." 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: Colombo. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 6.50 Just the Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 The Westward *Lecture: Crime, The Public and The* Media. 11.05 Sportsline. 11.26 TV Movie Premiere: "Someone I Touched." 12.45 am Faith for Life. 12.50 West Country Weather.

YORKSHIRE

10.25 am Friends of Man. 10.48 For Schools (continued). 11.55 The Animates. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "The *Guinea Pig*" *starring Richard* Attenborough. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Soap. 11.00 The Friday Night Film: "I *Want What I Want.*"

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	200kHz/1500m & 92-95vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.3 Steve Jones (S). 7.32 Ray Moore (S). 10.3 Jimmy Young (S) 12.3 pm David Hamilton at the Ideal Home Exhibition (S). 2.3 Ed Stewart's Request Show *(S) 4.3 Much More Music (S). 5.00* News. 5.5 Waggoners' Walk. 5.20 Much More Music (S). 6.3 John Dunn (S). 8.2 Barn Dance (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. *10.2 Roy Castle. 10.30 Darita presents* Sounds of Latin America. 11.2 Brian Matthew with Round Midnight, including 12.00 News. 2.2-5.00 am You and the Night and the Music (S).

RADIO 3

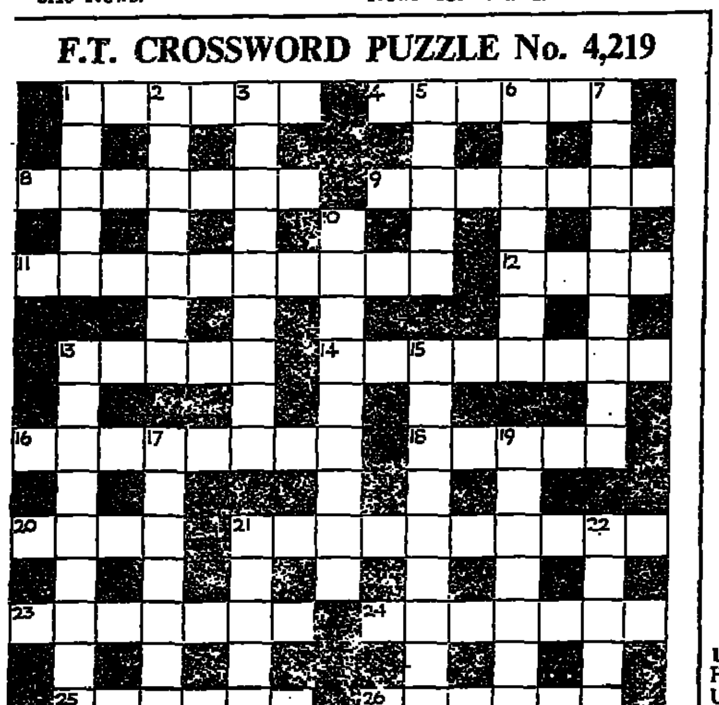
†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.5 Morning Concert (S). 9.00 News. 9.5 This Week's Composer: Brahms (S). 10.00 *Young Artists Recital (S). 10.55 BBC* Northern Ireland Orchestra (S). 11.40 Music by Soviet Composers (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.5 In Short. 1.20 Midday Prom, *part 2 (S).* 2.5 The Arts Worldwide. 2.25 Moods, Impressions and Memories (S). 3.25 New Orchestral Music from Germany. (S). 4.10 English Songs (S). 4.55 News. 5.00 Mainly for Pleasure *(S) (‡and mono only from 6.20).* 7.00 Schubert piano recital (S). 7.10 One Pair of Ears. 7.25 Play It Again (S). 7.30 Haydn and Janacek Chamber music concert, part 1 (S). 8.20 Poetry Now. *8.40 Haydn and Janacek, part 2. 9.15* The Vision of Piers the Ploughman (S). 9.45 Mozart played and conducted by Benjamin Britten. 10.50 Music In Our Time (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for *the Day. 8.35 Yesterday in Parliament.* 9.00 News. 9.5 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.5 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.5 The Countryside in Early Spring. 11.50 Bird of the Week. 12.00 News. 12.2 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at One. *1.40* The Archers. 1.55 *Shipping* forecast. 2.00 News. 2.2 Woman's Hour. 3.00 News. 3.2 Listen with Mother. 3.15 Afternoon Theatre (S). 4.10 Villi. 4.40 Preview. 4.45 Short Story. 5.00 *PM.* News magazine. *5.50 Shipping* forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.5 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 *Any Questions?* 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The *Financial* World *Tonight.* 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,219



ACROSS

1 In perfect order? Exactly (4, 2)
4 One walker beheaded another (6)
8 Suitable bit of equipment (7)
9 Kind of beef expected from the league leaders (7)
11 Be afraid of deputy on loch (5, 2, 3)
12 Paints duck taking one place of the seal (4)
13 Inflamed male became supple (5)
14 Keep it out with single singer (8)
16 Follow timekeeper doing duty at sea (3, 5)
18 Scope of scrap for the morning (5)
20 Forbid Gateshead explosion (4)
21 Wrangle about what orchestra members say (5, 5)
23 Escape? I don't believe it (7)
24 Girl some lad disturbed (7)
25 One would return in small hours to speak at length (6)
26 Wet his repaired cricket flannels (6)

DOWN

1 Shared low-down dive (5)
2 Day I catch some silky stuff (7)
3 Judgment posted with soldiers inside it (9)
5 *Low sounds to east of animal* (5)
6 Endure being number ten to go at Lords (4, 3)
7 Mars revolutionary aircraft by Turkish capital (3, 6)
10 Practice after trailing a lot (3, 6)
13 Consider the future appearance by a director (4, 5)
15 No cheques prepared accountant to keep quiet (5, 4)
17 Joker to follow bird (7)
19 Feast in flat en route (4, 3)
21 Proudly possess fur wrap by the way (5)
22 Refuse to let doctor for instance go to old Bob (5)

Solution to Puzzle No. 4218

T	U	R	N	O	U	T	■	D	E	C	O	R	U	M
R	■	A	■	K	■	A	■	I	■	U	■	E	■	O
A	N	I	T	A	■	L	I	G	H	T	U	P	O	N
F	■	N	■	P	■	L	■	I	■	T	■	E	■	I
F	A	C	E	I	T	O	U	T	■	H	O	L	S	T
I	■	H	■	■	■	R	■	■	■	R	■	■	■	O
C	R	E	D	O	■	D	O	G	C	O	L	L	A	R
■	■	C	■	U	■	E	■	A	■	A	■	O	■	■
M	A	K	E	T	E	R	M	S	■	T	U	R	P	S
U	■	■	■	W	■	■	■	F	■	■	■	D	■	I
M	U	F	T	I	■	P	O	I	N	T	S	M	A	N
B	■	L	■	T	■	E	■	T	■	I	■	A	■	C
L	I	O	N	H	E	A	R	T	■	T	H	Y	M	E
E	■	U	■	I	■	C	■	E	■	U	■	O	■	R
S	C	R	A	T	C	H	■	R	E	S	E	R	V	E

FINANCIAL TIMES SURVEY
Friday March 7 1980

City of London Property

Although just about the most expensive place in the world to have an office in, the City of London remains a magnet for companies drawn by its pre-eminence as an international financial and commercial centre. Pressure on space continues, but the response of developers looks like being more measured than in the hectic days of the past decade.

Market returns to order after 10 turbulent years

THE CITY of London property market has entered the 1980s displaying a stability which it sorely lacked during the last decade. After a 10-year period which saw severe space shortages and rocketing rents give way to a huge and hectic development programme, a massive oversupply of office accommodation and a resulting collapse in rental values, the City today seems a *far more* orderly place.

That is not to say, however, that a continuation of the present state can necessarily be guaranteed and events may yet conspire to upset the steady progress of the single most important property market in the world.

But despite the wild fluctuations *in demand for space*—in the 1970s annual take-up of office accommodation ranged from around 1½m sq ft to 3m sq ft—the attractions of the City as a long-term international business location do not appear to have waned.

Most occupiers would agree that the City of London is, in nearly every respect, the most expensive office location in the world and yet, paradoxically, there is nearly always less empty space — as a percentage of the total market — than in any other of the world's capitals or major financial centres. Rarely does the vacancy rate exceed 5 per cent and perhaps the City's weakest position in this respect was reached in 1975-76 when the space available accounted for around 10 per cent of total square footage, a situation which was quickly remedied.

The City's pre-eminent position in the international business and financial world looks, quite simply, very secure. To the international company, the City's history and experience provides a range and breadth of integrated financial services second to none and its sheer geographical location in relation to the world's other major centres provides it with an added communications bonus.

Prohibitive

Within the Square Mile, banking and financial services, insurance, shipping and the commodity markets have provided an apparently unchallengeable blend and, despite attempts by competing centres to wrest away business which has traditionally been synonymous with the City, London remains in pole position. By way of example, there are already an estimated 340 banks with operational bases in the City, plus another 50 or so with representative offices, and the list of people applying to the Bank for status to deal in foreign exchange markets shows no sign of shortening.

A major "plus" for London in the eyes of an international group is the price of labour. *For—while rents, rates, service* charges and general running costs are probably the most expensive in the world, the cost of employing people is comparatively—very low by international standards; so much so that when labour is included, the cost of a London operation per head of staff can work out between 50 per cent and 75 per cent lower than in Geneva, the most expensive European location.

For UK operations, however, a City of London—presence represents the most expensive domestic option available and for many the cost has become prohibitive. A sharp decline in central London office employment over the last decade or more has reflected both the growing reluctance of many workers to travel long distances at considerable expense and the escalating costs confronting centrally located employers.

But it is fair to say that a great deal of the relocation process to centres away from, yet still within striking distance, of London has now taken place. *According to Mr. Clive Arding* of Richard Ellis in the City: "That clerking element of a company's operations which *can* be removed from the City has now largely gone. We are down to a hard core of people who need to be located in the central *area, though not necessarily* in the City itself.

"The big exceptions to this are the joint stock banks, which are very big space users. But *they are increasingly becoming* freeholders of their property so they can avoid not only some of the pressures on costs faced by tenants but also point to an appreciating asset on the balance-sheet."

So how does the City start the 1980s? The first point to be made is that events of the past few years have bequeathed to the Square Mile and its "fringe" office markets a severely reducing supply of new space.

Development programmes have been treated with the utmost caution since the mid-1970s, *when millions of square feet of* new office space came on to the market in response to an earlier demand which had already been curtailed, initially by the financial crisis in the City in late 1973 and later by the international recession. Rarely had the supply and demand equation got so traditionally out of line, with the result that rents tumbled by as much as 40-50 per cent.

The crash was followed, however, by a fairly rapid pick-up *in demand and the market* (if not many of the companies involved) recovered pretty quickly. Annual take-up rose from around 1.5m sq ft in 1974-75 to 3m sq ft by 1978 and 1979, and supply—limited by planning controls as well as caution—was sufficient to meet demand.

Rents recovered from the start of 1976 and have now just about regained the levels achieved at the last peak in mid-1974/early 1975. According to Mr. Chris Peacock of Jones Lang Wootton, in the City "rental rises have gathered pace since 1976, and in the past 12-18 months we have seen big increases. From September 1978 to September 1979 these must have averaged 20 per cent and they are still growing.

"A number of transactions are now taking place at over £20 a square foot, a figure which is again well established. So far, we haven't seen anything significant over £22-£23 a square foot. We could see one or two deals nearer £30, though £25-*£26 may be more realistic*."

A substantial differential between first quality, best located space and secondary accommodation remains — though the gap in some areas has narrowed — with rents for non-air-conditioned older space now *fetching between £14 and £18 a* square foot.

But despite the recovery in rents, the stepping up of development activity has been *restrained — not least* because of some very stringent planning controls which will continue to prove a limiting factor long after office development permits (ODPs) have been forgotten. As a result, the supply of space in the pipeline has been diminishing and the prospects do not appear too encouraging.

People like Mr. Arding believe that not much more than 1½m sq ft of new space will become available in the City in 1980 and again in 1981, a figure which is likely to be equalled *by the amount of existing space* available on the market.

"A number of developments involving prime sites are underway, but it is not readily appreciated that there looks like being a severely reducing overall supply of space. But the other important factor is that present demand for space is not very strong. The market is basically weak and *has led to a* situation in which property being sought by several tenants is achieving good rentals while other chunks of good space remain empty."

According to Mr. Arding next year will be an extremely interesting one as far as City property is concerned. Everything will turn on demand and if it remains at current levels there could be a general peaking of rents.

"What can only be described as an "improper" market, will probably continue throughout 1980 without any dramatic changes. But 1981 onwards *could see a substantial take-off* in rents if the economy turns the corner and everything starts bubbling. We are on something of a knife-edge and if interest rates come down and confidence improves the market could see another boost of hectic activity."

Weak market

Meanwhile, a *major problem* confronts any occupier wanting large volumes of space in a prime location. There are several schemes now under construction which will provide in excess of 100,000 sq ft of space — the City planning department has listed 11 such projects accounting for nearly 4m sq ft — but many of these are by now already spoken *for. The result has been a forced* migration to alternative locations like the West End and Euston or the so-called "western corridor" out towards Heathrow and beyond.

With the ending of ODPs, much more attention is now being paid to the opportunities for development in those central but non-prime areas which have so far failed to attract many developers, institutions (now invariably the same thing) or *potential occupiers*.

There is no question that the institutions are happy to contemplate further heavy investment in property but in order *to do this in the UK* their attitudes may well have to change. There is a limit to the number of investment options open to them which conform to their long-standing ground rules and perhaps some greater element of speculation will necessarily have to be involved in future activities. Nor is there any question that the key to *the revival of some of the* peripheral areas in question lies in institutional attitudes.

If, in the context of the City, the institutions continue to confine investment to some very clearly defined areas, their options will steadily diminish and while pressure on good space might work wonders for rentals and capital values they will be turning their backs on a regenerative role which, many observers believe, the funds should be ready to take on.

Michael Cassell

Lloyd's leads the architectural revival

IT IS sometimes difficult to reconcile the needs of property developers and the needs of the man in the street who, however much his property bonds are increasing in value, groans inwardly at the sight of yet another office block. The developer has an important role to play in the future shape of the City and there are signs that the *slowdown in building activity* is breeding a more thoughtful kind of client.

There are developers, like Greycoat Estates, which are prepared to see themselves as something more than accountants who build buildings as investments. The word patronage is being heard again and architecture has acquired a new dignity.

How has this new climate come about? I suspect that the public dislike of endless, faceless, "rent collecting slabs" (as the Poet Laureate described the new buildings around St. Paul's) has gradually penetrated the Board rooms of property companies. *What is the point of* merely adding to the ugliness of the City when, with the help of a good architect, it is possible to add a positive benefit to the whole City.

The most obvious and encouraging evidence of the upturn in architectural quality in the City was the decision by Lloyd's to commission a new building from the architects Richard Rogers and Partners—designers of the Centre Pompidou in Paris. Lloyd's did not take this decision lightly. It took advice from the Royal Institute of British Architects and staged a small-scale competition by invitation. The competition asked the entrants to prepare a strategy for Lloyd's which needed an architectural solution to its problem of an acute lack of space.

Richard Rogers produced a strategy that will allow Lloyd's to expand in a very flexible way on the site of the building *designed for Lloyd's in 1925 by* Sir Edwin Cooper. Cooper's building was a dignified and capable classical building, but the pressure of preservationists was not strong enough to prevent its demolition.

For once the preservationists' bluff was called because the arguments about all new buildings automatically being worse than almost any old building simply did not apply. The usually reticent Royal Fine Arts Commission went as far as to compliment Lloyd's on "a most enlightened piece of architec*tural patronage*."

There was some regret at the loss of some parts of the old building, but the commission felt that Roger's concept was "such a brilliant one that these losses are justified in order to achieve what should be one of the most remarkable buildings of the decade." This is high praise and makes the proposals for the building worth further examination.

It is an unusual and original design in four important respects.

First, it is a building that is capable of responding to changing needs, because all the normally fixed uses like lavatories, stairs, entrances, lifts and columns have been moved to the outside of the building in six vertical towers. Inside the space defined by these towers, a series of wide office floors surround a large central atrium. This atrium is glazed at the top by an arched roof. Each of the wide rings of office space can be used as part of the underwriting Room or as extra offices. Because all the services have been banished to the outside edges of the building each ring of offices is a totally unobstructed space.

The second unusual feature of the new building will be its *contribution to the public life* of the City. Situated as it is on the *edge of Leadenhall Market* and recalling its coffee house origins—the new Lloyd's offers the ground floor as a public area where there will be a new Lloyd's Coffee House, wine bars, shops and a partially covered pedestrian area. This area will be approached through the conserved giant entrance niche from the old building. It is hoped that a library and sports facilities will be included in the public area.

The third important new contribution that the new Lloyd's will bring to the City is a sense of townscape. The vertical towers that surround the 12-storey building will be a dominant element in the city scene in much the same way that G. E. Street's mass of verticals make the Law Courts such a strong element in the townscape of the Strand. The way that so much of the movement of the interior of the building will be visible from the street is another added bonus for the surrounding streets. Lloyd's offers a much richer silhouette than the simple slabs of the sixties and seventies.

Energy conscious

At a fourth level this building will have a lesson for other new office buildings. It has been designed as an energy conscious office project. The walls of the building are to be constructed from glass bricks which are being developed to allow diffused light in while reducing thermal gain and loss. The glass skin of the building will thus become the energy intelligent mechanism in overall control of the building's environment.

Richard Rogers has used the skills of Rogers/P.A. Technical and Science Centre to extend the normal limits of architecture to include revolutionary advances in building technology.

There can be no doubt that *Lloyds new building*, construction of which will start later this year, is going to be the City's most important new building of the eighties.

Other new developments are likely to be on the edge of the City itself, where the possibilities for large-scale developments still remain. One such site is the area of Spitalfields Market, to the east of Liverpool Street Station. It is known that the City Corporation is prepared to sell this large site to any developer prepared to provide a new site for the fruit and vegetable market *further away from* the congested centre. Although the future of this site depends on the planning policies of the City's neighbour, Tower Hamlets Borough Council, it is likely that a mixture of uses—offices, shops, housing and some community facilities and some open space—will be built.

The Spitalfields Trust, a charitable body concerned to preserve the Georgian houses of the area, are keen to see a limited competition set up to encourage a high standard of architectural design. The area offers one of the last opportunities to spread the profitability of the City a bit further east and to improve the living conditions in the area.

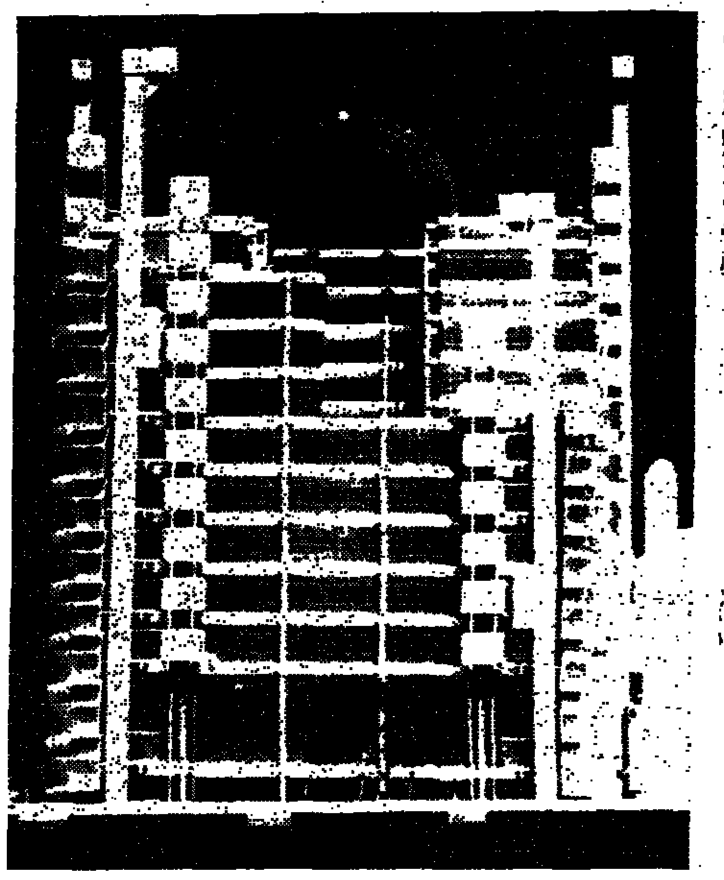
There are no such areas of large-scale opportunity in the square mile itself. Billingsgate Market, if its move to the East India Docks is successfully accomplished, is perhaps the *last sizeable area*. There are problems associated with the market site which is literally frozen after years of cold storage and will need at least three years for the earth to thaw. Archaeologists are keen to spend some time on the site, which is full of potential finds.

The City Corporation's new City Architect, Mr. Stuart Murphy, has no grandiose plans in the present climate. The Barbican arts and conference centre will be completed later this year. Architects Chamberlain Powell and Bon will then have completed the entire Barbican area and it remains to be seen whether the arts centre will bring the much desired "life after dark" that the City so badly needs.

The Corporation would like to build a new City of London School on a site close to the new Mermaid Theatre, but funds are too low at present. The City's local plans for the Little Britain area have run into fierce opposition from residents who are embarking on a lengthy legal battle to preserve one of the City's last remaining backwaters.

Although the decade to come will be marked by the opening of the tallest office block in the City, the National Westminster Bank headquarters designed by Richard Seifert—it looks as though that will mark the end of the megalithic era as more energy conscious, smaller buildings become the norm. Lloyd's is the landmark to look out for, it could be the initiator of much higher architectural standards in the City, and not before time.

Colin Amery
Architecture Correspondent



A model of the new Lloyd's building. It was designed by Richard Rogers and Partners and is described by the Royal Fine Art Commission as "one of the most remarkable buildings of the decade"

World's most expensive real estate package

TOTAL AVAILABLE floorspace in the *City of London is* at its lowest level since 1974, while rental levels are once again pushing through £20 a square foot. Nevertheless, there are few signs of a new development boom in the City.

Although agents have different views about how much space is being added to the City's 60m square feet office space stock, most agree that the limited supply of good accommodation is unlikely to improve—at least in the medium term. Some agents believe, however, *that the implication of such an* apparent shortage of supply are likely to be tempered by a flattening-out in demand.

The City remains the corner*stone of the institution's* cautious "blue chip" approach to property investment following the 1974 crash.

Some indication of dominance *of the office sector in the City's* property market is given by the Corporation's figures for planning permissions between 1972 and 1978.

These *figures show* that potential net office floorspace increased by 7.6m square feet, while industrial and commercial floorspace uses sustained potential net losses of 1.5m square feet and 2.4m square feet. During the same period shopping floorspace showed a potential net loss of 164,000 square feet. The Barbican and Queenhithe residential developments pushed up residential net floorspace by 227,000 square feet although with the Barbican development nearing completion *the net change of residential* floorspace has switched *from a gain to a loss*.

The figures reflect the continuing lack of interest among private sector investors for anything other than office space in the City—a factor which is likely to maintain the City as the most expensive package of real estate in the world.

This emphasis is also to be seen in the major City developments recently completed, under construction or still at the planning stage. The massive Cutlers Street development by Greycoat Estate in conjunction with Standard Life, being built by McAlpine, is alone among the major projects offering a fully mixed development. The 4.5 acre site slose to Liver*pool Street Station will* nevertheless provide about 510,000 square feet of office space at a time when there will be a shortage of prime office space in the City.

Other major projects include the speculative Trafalgar House-Whitbread office project on the edge of the City in Chiswell Street, which will provide over 511,638 square feet of office space. The £50m development seems about to be sold and occupied by British Petroleum. These two projects are now among only a handful under construction which will provide new office floorspace of over 100,000 square feet.

Perhaps the five most important factors affecting development are building costs, finance costs, rental values, rates and available floorspace. An analysis of these factors in the City in*dicates on balance a more fav*ourable environment for de*velopment than has existed for* some time.

Building costs between 1973 and 1979 increased by about 16 per cent a year—above the average rental growth rates in the City. Since 1978, however, rental growth has been rapidly reducing the impact of building cost inflation.

Although the exceptionally high cost of borrowing money at present is expected to have a braking effect on the flow of money, investment in property has continued to out-perform other forms of investment and the new political climate has already led to the reduction of development land tax and the repeal of office development permits.

Supply outstripped

Rents for offices in the City are climbing again as demand outstrips supply, the compound rental growth over the past four years has been up to a maximum of 20 per cent a year and rental levels for prime office space in the city are now *almost at the levels, in cash* terms, they were in 1975. Redevelopment schemes have thus become more financially viable. In addition although rates in the City are the highest in the country, rates as a proportion of rentals are similar to those in other city centres.

The amount of office floorspace available for let in the City has declined rapidly since its peak in 1977. This in part reflects the delayed response to demand which in 1975 led to the completion of nearly 2.5m sq ft of floorspace at a time when the letting market was at its *weakest*.

The result was a huge excess of space which took several years to clear and which more abruptly led to 40 to 50 per cent falls in rental levels. Since then under the more cautions guidance of the pension funds and insurance companies, development has become more orderly and restrained.

In consequence available floorspace fell from 3.5m sq ft in June 1977 to 1.4m sq ft in June 1979 representing a reduction from approximately 5.4 per cent of total office floorspace in the City in 1977 to about 2.2 per cent in 1979. Set against this criterion it would therefore appear that condi*tions are more favourable to* private property development than they have been for at least two years.

However, despite London's strategic importance to the international financial community and the demand for space—particularly from the joint stock banks who now occupy about 10m sq ft of space in the City which has until recently been very strong, the provision of new space has not kept pace.

Such caution among the developers could lead to a position where supply fails to meet the City's medium-term requirements. Some estimates suggest that only about 1.5m sq ft of new space will be developed in *the City in each of the next two* years against an annual take-up figure of around 3m sq ft between 1977 and the end of 1979—and perhaps only 1m square feet of it will be in the most sought after areas.

City Corporation figures suggest that up to 1978 the net growth in office development was quite high but since then the net gain has dropped to 53,800 square feet in 1978 and a net loss of about 50,500 sq ft was recorded in the first half of 1979. Over the next few years the Corporation suggests that office *development will pick up* again and although figures indicate that only about 2.7m sq ft, representing about 4.3 per cent of total City office stock was under construction in June 1979.

By the end of last year it is possible that the amount of office space in the City under construction had increased to perhaps between 4.5 to 5m sq ft. The majority of this space however is pre-let for owner occupation and therefore the amount available for new letting will be *much smaller*.

Suggestions that as much as 20m sq ft of office space are under construction or with planning consent are dismissed by agents who point out that only a little over half the permissions granted are usually translated into developments and completed.

How far, if at all, completions will fall short of demand provides a lively topic for discussion.

The corporation believes that demand in the long term will *rise steadily and remain buoyant* in the short term. In broad terms this analysis is generally accepted although there are differences in emphasis.

CONTINUED ON NEXT PAGE

هكذا من الأصل

Quickening interest in fringe areas

DESPITE THE periodic inability of the traditional City office market to provide sufficient space to meet demand, the adjoining "fringe" locations have largely failed to benefit from such shortcomings.

No matter how desperate the search for City space in the past, few of the peripheral office locations have emerged as acceptable alternatives. There are signs now, however, that some previously unpopular areas could be on the verge of establishing themselves as suitable office locations, a trend which could help bring them new life while relieving some of the recurring pressures on the long-established City office market.

The continuing failure of the fringe areas to achieve any significant breakthrough has been the result of a combination of factors. Their unpopularity has generally been equally shared by all those involved in the office building process.

Potential City occupiers have invariably and very naturally been anxious to find quality premises in first-class locations and offices in the West End or further afield have often proved preferable to space in one of the "second rate" City areas.

Identify

The disadvantages of several of the fringe areas are not hard to identify. Many locations within walking distance of the heart of the City have remained run down since the war and attempts at redevelopment, on a scale which could regenerate whole areas, have until recently been rare.

A view from the top of the Stock Exchange tower or the Commercial Union building clearly shows the well-defined dividing line between the developed City office market and its less salubrious neighbouring areas; to the west of Bishopsgate, a collection of prime office space with capital values running into hundreds of millions of pounds; to the east, a dramatic example of inner city decay and decline which only now is beginning to be broken up by pockets of development.

The so-called fringe areas are hard to determine precisely, but they can broadly be described as lying to the east of Bishopsgate and Aldgate around Spitalfields and parts of Whitechapel, runing north up the City Road past Finsbury Square to the Old Street area and south between Eastcheap and the river. To the west, the fringes extend along Holborn to Chancery Lane and Kingsway, though these areas enjoy a much higher status and level of acceptability than any of the other peripheral markets, to which they bear little or no resemblance.

Some of the fringe areas have been trapped in a cycle which until now has condemned them to their secondary role. Potential tenants have not been interested in the prospect of office accommodation in run-down areas with invariably poor communications. Consequently, the developers who could initiate the new lease of life so badly needed have themselves tended to steer well clear. The result has been a stalemate involving all the parties concerned.

There have been other complications. Many of the local authorities concerned have been staunchly anti-office building, believing that the provision of office space kills any local environment and provides few direct community benefits. Many developers who have considered building in such areas have been repeatedly put off when confronted with outright opposition—often based as much on matters of general principle as of detail—to their proposals.

But there are clear signs that thinking in some circles at least is changing. Gradually, more potential space users have been prepared to consider off-centre locations (if only because of the scarcity of good space in the traditional areas), and, in response, new development activity—minus the shackles of office development permits—has been gathering pace. To date, little of it has been of a speculative nature, with most schemes already spoken for in advance, although even this trend may now be changing.

Such has been the reawakening of interest in those locations offering an alternative to the central City area that the South Bank of the Thames is again being considered as a potentially important development area.

It would not be the first time areas like Southwark have seemed set to become established as an important office location — in 1972 the general space shortage and rise in rents appeared likely to trigger off development in many fringe areas—and it could well be that another false start is around the corner for an area which is tantalisingly close yet frustratingly isolated from the City.

While the future of the Coin Street area remains unresolved it is clear that other South Bank locations are again being seriously considered by the developers. In January, English Property Corporation acquired land alongside the river owned by the Proprietors of Hays Wharf and the two companies announced that they were having talks about redevelopment of the area.

Advantages

Back across the river, where plans are already being turned into bricks and mortar, much of the development has been confined to larger scale schemes, providing tenants with packages of floorspace that have become increasingly difficult to obtain in "first choice" areas. Advantages can include lower rating levels and cheaper rents, though these are moving upwards.

It would not be possible to say that, after years of inaction, the fringes—particularly to the east—have finally breached the confidence barrier and that development will now rapidly spread to embrace most of the locations in question. But there is no doubt that the first all-important moves in breaking down the psychological resistance to at least some of the fringe areas have been made.

Last month Norwich Union helped the process along by announcing that it was to fund the £40m Goodmans Yard project close to the Minories, on the eastern boundary of the City. The insurance group is to provide the finance for 330,000 sq ft of offices, a sports complex, public house and 46 homes and its involvement will clearly assist in providing the eastern fringes with some of the acceptability and respectability which they now require.

The Norwich Union scheme, being carried out in conjunction with Wingate Holdings, represents the third phase of a 12½-acre redevelopment plan which has done much to help regenerate the locality.

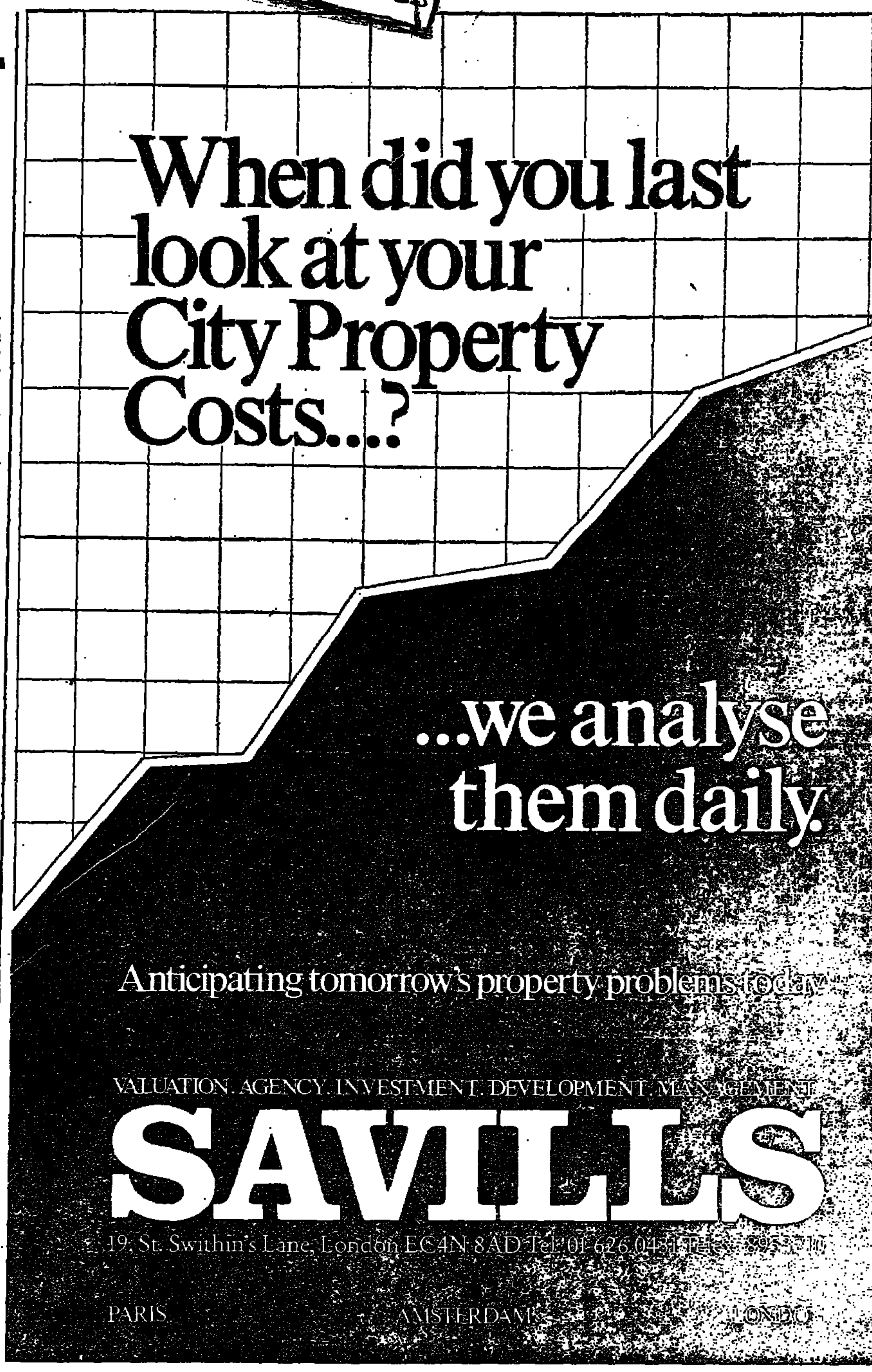
A major City institution is interested in the Goodmans Yard offices for its own occupation and at tailor-made building is in the design stage.

The first 66,000 sq ft phase of the Wingate Centre, developed by Wimpey Property Holdings, has been let to and occupied as headquarters by Bain Dawes. Another 95,000 sq ft of space is due for completion this summer and is available for letting.

Discussions are also far advanced for the Gardiners Corner island site adjoining the Wingate Centre and due to be occupied by the Sedgwick Forbes Bland Payne group, which is also joint developer with Wingate Holdings. In total the three schemes will provide 581,000 sq ft of modern office space and the fact that, of that total, only 95,000 sq ft has yet to find a tenant adequately demonstrates the fast-improving status of the area as an office centre. It is this type of development programme which could provide the essential cornerstone for more widespread redevelopment and help extend what have until recently proved to be fairly inflexible City boundaries.

Just how quickly progress is made will depend to a great extent on the fortunes of the central City office market. If the present and relatively low level of new development ultimately proves incapable of meeting demand for office space in the early 1980s, then the pressures will inevitably stimulate an already heightened interest in the fringe areas. The momentum will equally be slowed down if space in the traditionally popular areas again becomes fairly easily accessible. Either way, it is tempting to suggest that at least some of the peripheral areas have a much brighter future.

Michael Cassell



Less talk of relocation

IN THE mid-seventies the administration branch of the Civil Service created alarm in government circles over the high cost of maintaining their establishments in central London. A decision was made to decant some 30,000 jobs to provincial centres, killing two birds with one stone. The jobs moved would tie in with regional development plans and the office space costing up to £17 a square foot would be replaced with new provincial space at no more than £5 a square foot.

Policies change. Now the numbers of civil servants to be decanted has dwindled to 7,000 and the Government is claiming that it will be saving money by not moving staff. The opponents of the great exodus claim that it would have cost £200m by 1984. But there is still a strong contingent which favours the move, claiming that to fail to make it will cost the Government £320m in lost rent savings.

As the arguments rage commercial companies considering a similar decanting operation themselves face equally opposing factors. Moving costs money—in cash, time, energy and disruption. Not moving costs money—in rising rents in City properties, already the highest priced office accommodation in the world.

The equation shows up particularly clearly in the case of Spillers, the flour milling group, which has had its headquarters in Old Change House opposite St. Pauls Cathedral for close on a quarter of a century.

The rent, based on a review only every 21 years, was only £1 a square foot, but the review date is now looming and with it the prospects of a rent of around £14 a foot. Together with rates this would have brought Spillers' accommodation bill to nearly £2m. The prospect sharpened Spillers' concentration wonderfully and long before Dalgety came on to the scene with its ultimately successful takeover, Spillers' Board had decided to move to premises in New Malden.

The tangible cost of the move, however, is put by the company at around £2m so the exercise would have looked somewhat less attractive but for the £1.6m windfall obtained through the release to the freeholders of the stub end of Spillers' lease.

Spillers is only the latest of a number of City commercial residents which have chosen to move out—usually to the commuting areas of the South East—because of the high cost of rents in the City.

As such their moves have been based on purely commercial decisions. Cost-cutting exercises made sense in the 1970s; they will still make sense in the 1980s.

Assessed

What has changed is the political climate in which such exercises are assessed. Companies which moved out of the City during the last decade usually gave costs as their main reason. But a substantial number also talked of the problem of expansion within the City at a time when planners and Governments were hell-bent on decentralisation and regional promotion.

That climate has completely changed. Governments (of either colour) have begun to re-commit themselves to rejuvenation of the old City centres and no longer put pressure on companies to move out if they need more space. Since the abolition of the Location of Offices Bureau (LOB) as part of the great Quango-axing by the Government last October, the financial services sector has been freer to make its location decisions on purely commercial grounds than for a decade.

Even during the eight years of LOB's existence office employment in central London continued to grow rather than shrink. This was, of course, a factor of the continuing national swing away from a manufacturing base for employment to a services base which has led to a quarter of the working population being employed in office jobs. That trend continues, though the prospects of the microchip revolution and other technological innovation suggest that by the end of the decade organic expansion in office jobs could be reversed.

Should that occur, office space in central London will lose its premium rating because of both falling demand resulting from contraction of jobs and therefore space requirements, and increased ease of communication between satellite centres in more pleasant surroundings.

Meanwhile, however, demand is still strong and the cases of decentralisation remain few in number and likely to decrease, given the relaxation of planning constraints.

Estimates of the amount of new office space planned or under construction in the City vary widely at present but there seem grounds for suggesting that the space actually coming out of the ground is just under 5m square feet. Most of this is already pre-let and so far as can be judged from the tenants' lists publicly available, mostly to companies with existing City premises.

Technological innovation notwithstanding, companies selling financial services of whatever kind seem to need a City location. Company secretaries will confirm that advances in telex useage, in computerised accounting and telephone communications should make it possible for companies to operate successfully from almost anywhere in the UK.

For all that, the attraction of of the City persists—much of it intangible. Middle to senior executives simply prefer to be at what they regard as the hub of their industry. Decentralisation can lead to isolation and deprive them of the valuable personal contacts created by the intimacy of the City.

Christine Moir

Package

CONTINUED FROM PREVIOUS PAGE

Some agents believe that despite the development of a number of sites the supply of space is now severely reduced. They also believe, however, that although it is now almost impossible to rent large space in the City the reduction in available space has coincided with a weakening in demand.

Because of this underlying weakness in demand some excellent rentals are being achieved for space sought by more than one tenant, while other top quality space is more difficult to let.

Overall, although no one is suggesting that demand will fall back to the extent where rental levels drop—and some are predicting rent of £30 a sq ft this year for some prime sites—agents suggest that the outlook for new developments beyond the next few years is not very encouraging. This City office market is, they argue, now in balance, on a knife edge and would be unable to respond to any rapid increase in demand brought about by an upturn in the economy.

Builders themselves however, although cautious, remain convinced of the City's underlying strength.

Trollope and Colls Holdings the UK building division of Trafalgar House, reports, for example, "the best order book in years." Aside from the Chiswell Street development the group has recently completed building the new London headquarters for De Beers in Charterhouse Street and Touche Ross in Wine Office Court.

One factor which is now causing concern among the established City builders is the degree to which those companies which have hitherto been primarily involved in civil engineering and housing work will crowd in on City developments in the face of massive spending cuts in the civil engineering and housing programmes.

One clear advantage that established City builders have to help them resist further competition is in the depth of their experience. For example City builders have learned to live with and work with the archeologists searching after the City's past.

In addition groups like Trollope and Colls have developed specialist companies to deal with the peculiar requirements of refurbishment. The steady market for refurbishment—fuelled by the lack of opportunity for new developments and rising costs for lengthy building processes—has become one of the most noticeable features of the City Office market.

Currently Trollope and Colls (City) is undertaking refurbishment work worth about £2m a month. Most projects range between £100,000 and £1m although the company recently started a £6.3m headquarters refurbishment scheme for Chase Manhattan.

For the building companies the strength of the market for refurbishment lies in its apparent ability to withstand changes in the general economic climate. For the customer the advantages of refurbishment are speed, relatively low cost and, where the work involves adding less than 10 per cent to total floorspace, no Development Land Tax is payable.

The current level of rents may make new development more viable but the lack of prime sites, escalating construction costs and a growing emphasis on smaller scale building make refurbishment an attractive alternative to new developments. The widening differential between prime air-conditioned buildings and older unmodernised buildings is likely to strengthen this trend, both among owner occupiers and landlords with vacant office buildings.

In the long term, therefore, future development of the City is likely to be a mix of uprating existing office space and new development when institutional investors are convinced that yields are right. In the shorter term refurbishment may provide the only answer for a market in which good accommodation seems likely to become even more scarce.

Paul Taylor

PROPERTY IN SCOTLAND

The Financial Times proposes to publish a survey on Property in Scotland on Friday 9th May 1980.
For further details contact
Simon Boyd on 01-248 5212 or Telex 885033

CITY OF LONDON PROPERTY IV

SOME OF THE LATEST LANDMARKS. Redevelopment of the City has proceeded steadily since the war — a process symbolised by the tall towers which now fill the skyline. A selection of current major projects, most of them under construction, is reviewed here and on the next page by Michael Cassell.

Overtopping them all

THE 600-FT National Westminster Tower — Britain's tallest solid structure and the second highest in Europe — represents the centrepiece of a £118m redevelopment scheme in the heart of the City.

The scheme will occupy a 2½-acre site in Bishopsgate and Old Broad Street and is being carried out in several phases. Redevelopment will represent the culmination of many years of planning and negotiations which started with the purchase of Gresham House by the former National Provincial Bank in 1959. The rest of the site had been acquired gradually over a period of more than a century.

Some public walkways will extend across the site, which could ultimately be linked by bridges to future developments on neighbouring sites, as part of the City Corporation's scheme for separating pedestrians and vehicles.

Heights

The first phase of the redevelopment plan, which was "topped out" in March 1977, includes the 600-ft tower—those with a head for heights can see London and seven counties from the top—and new premises for the bank's 15 Bishopsgate operations. Cost of Phase 1 is £82m, plus another £4.1m in the shape of land costs.

The Tower is being fitted out for occupation by approximately 2,500 staff employed in the bank's rapidly growing international division, which until now has been split among a number of locations. None of the Tower space is to be let out.

The Tower will provide a net usable floor area of 314,000 sq ft on 52 storeys. Three linked wings — which start at varying levels above the ground — will contain the offices. Features being incorporated in the building include 21 lifts (some double decker) and an advanced computerised control system for the mechanical plant which will, among other things, regulate climate. Total floor area of Phase 1 is 442,000 sq ft.

A second phase of the Bishopsgate redevelopment, involving a five1storey office banking block for occupation by part of the bank's overseas branch is nearing completion.

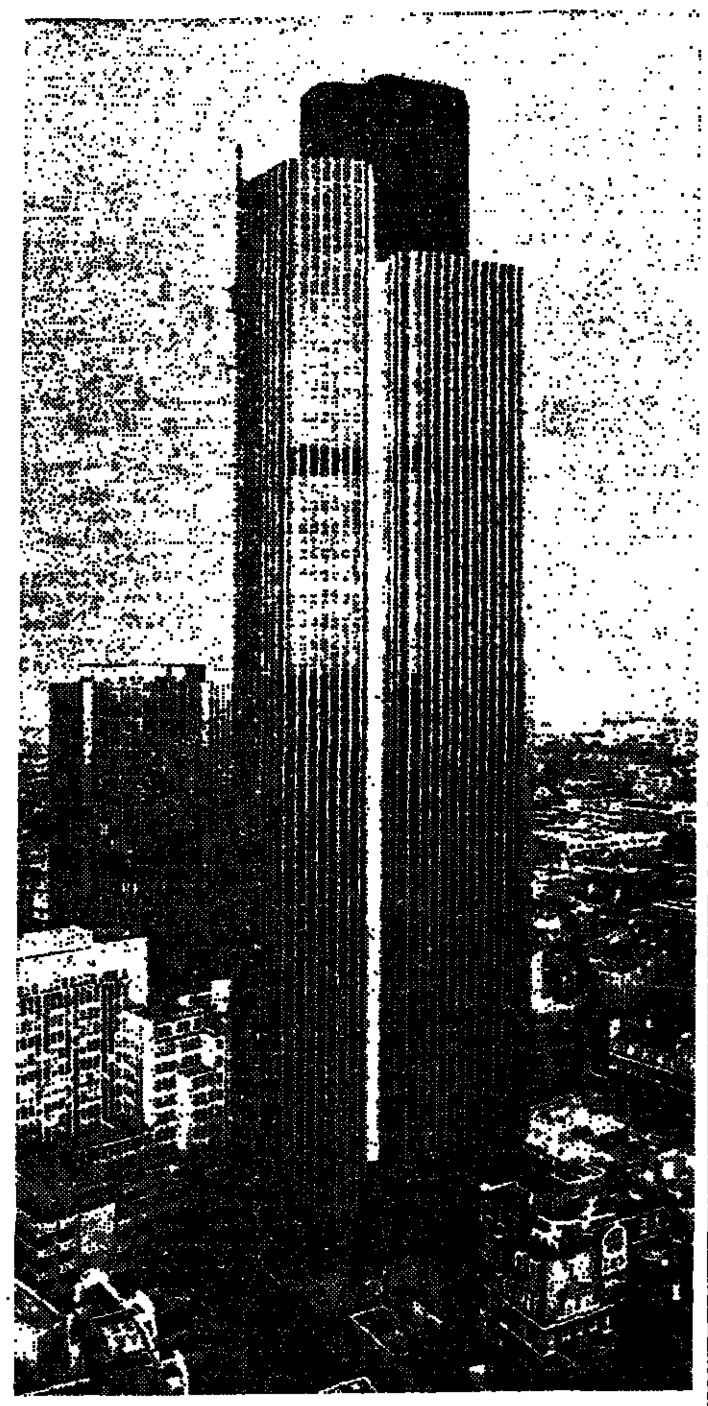
In a further phase, a new, low-level block is to be built and the preserved banking hall designed in 1863 by John Gibson is to be restored. It is expected that the entire development will be finished by the end of 1983.

The NatWest and other building owners have also been granted planning consent through architects Richard Selfert to redevelop the site which forms the triangle between Threadneedle Street and Broad Street and adjoins the Bishopsgate development.

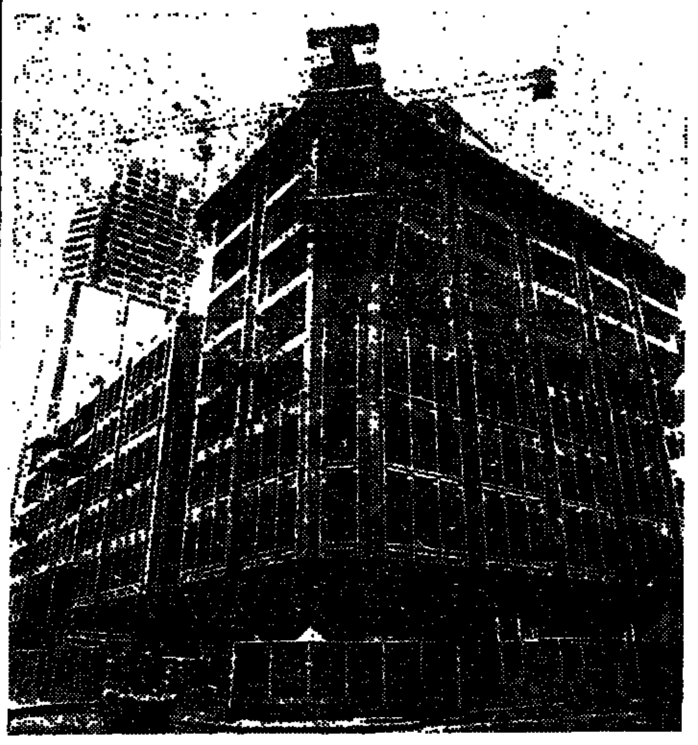
Plans which were first submitted in 1972 envisage demolition of the entire corner site but these were rejected after a public inquiry and buildings at 51-53 Threadneedle Street were listed as having architectural and historic interest.

Outline planning consent was eventually granted in 1975 for the scheme now proposed, which involves rebuilding behind the existing facades to a limited depth and the construction of a *350 ft* tower at the centre of the triangle. About 250,000 sq ft gross of office space will be provided and 200,000 sq ft of the total will be in the tower.

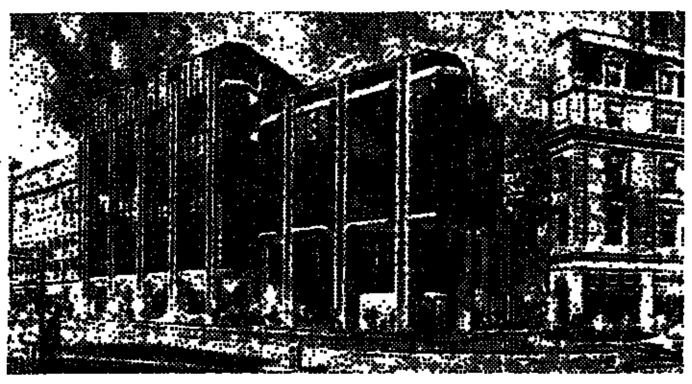
The various building owners do not know at this stage when the development is likely to start and have not put a figure on costs. Ultimate occupancy has yet to be considered.



The 600ft NatWest tower



A corner of the Chiswell St. development



ONE OF the hazards of redeveloping City sites was once more highlighted by the discovery of Roman ruins during the early stages of the Electricity Supply Nominees' office scheme at Watling Court in the City (artist's impression above). Work was held up for several months while archaeologists, with the approval of ESN, explored and recorded the ruins before they were buried under the foundations of the new development.

The Watling Court scheme stems from the £17m purchase by ESN of the freehold investment interest in Watling Court Estate, a part refurbished-part new office development at 39-53 Cannon St. The previous owners were the Salters Company.

The site, bounded by Cannon St., Watling St., Watling Court and Bow Lane will, on completion of the development in 1981, provide 60,000 sq ft of air-conditioned office accommodation. In addition, there is a new corner building on Bow Lane-Watling Street, providing 5,500 sq ft of space while two existing buildings are being refurbished and will offer a combined total of 13,300 sq ft of modern accommodation.

Architects for the development are Fitzroy Robinson and construction is being undertaken by Higgs and Hill.

On the lines of a village

THE DEVELOPMENT by Trafalgar House and Whitbread of the latter's Chiswell St brewery site on the northern boundary of the City is the culmination of a liaison between the two groups which dates back to the mid-1960s. At that time the two organisations joined forces to maximise the full potential of underutilised sites and the Chiswell St complex — the headquarters of Whitbread since 1790—was an early candidate for action.

The 6½-acre scheme, which spans north and south of Chiswell St, attempts to create a new village within the City and includes the retention of listed Georgian buildings and the provision of flats, shops, restaurants, leisure facilities and two major office blocks.

The south side of Chiswell St *is mostly taken up by the* centrepiece of the new development, the two office blocks which now seem likely to be purchased by British Petroleum. BP has its headquarters close by in Moor Lane and is in need of more space to house a central staff now approaching 4,000. A deal with BP would totally vindicate a scheme which in its early stages drew some criticism on the grounds that its location was poor and that it could not expect to achieve tip-top rents.

The two blocks—Shire House and Milton House—will together provide a total net area of about 440,000 sq ft. The 12-storey Shire House is due for completion later this year and the 17-storey Milton House in July 1981.

Both blocks are fully air-conditioned and were planned to be let, or owned, independently. The construction programme has been designed to allow occupiers to fit out six months before completion, bearing in mind the costs involved in fitting-out delays. The two buildings will be connected at second-floor level.

The office buildings are located on the actual site of the old brewery and have been designed to merge with their historic surroundings. Between the office buildings and Chiswell the existing listed buildings, including the Porter Tun room which boasts one of the finest St., Whitbread is retaining timber roofs in Europe and is now the permanent home of the Overlord Embroidery.

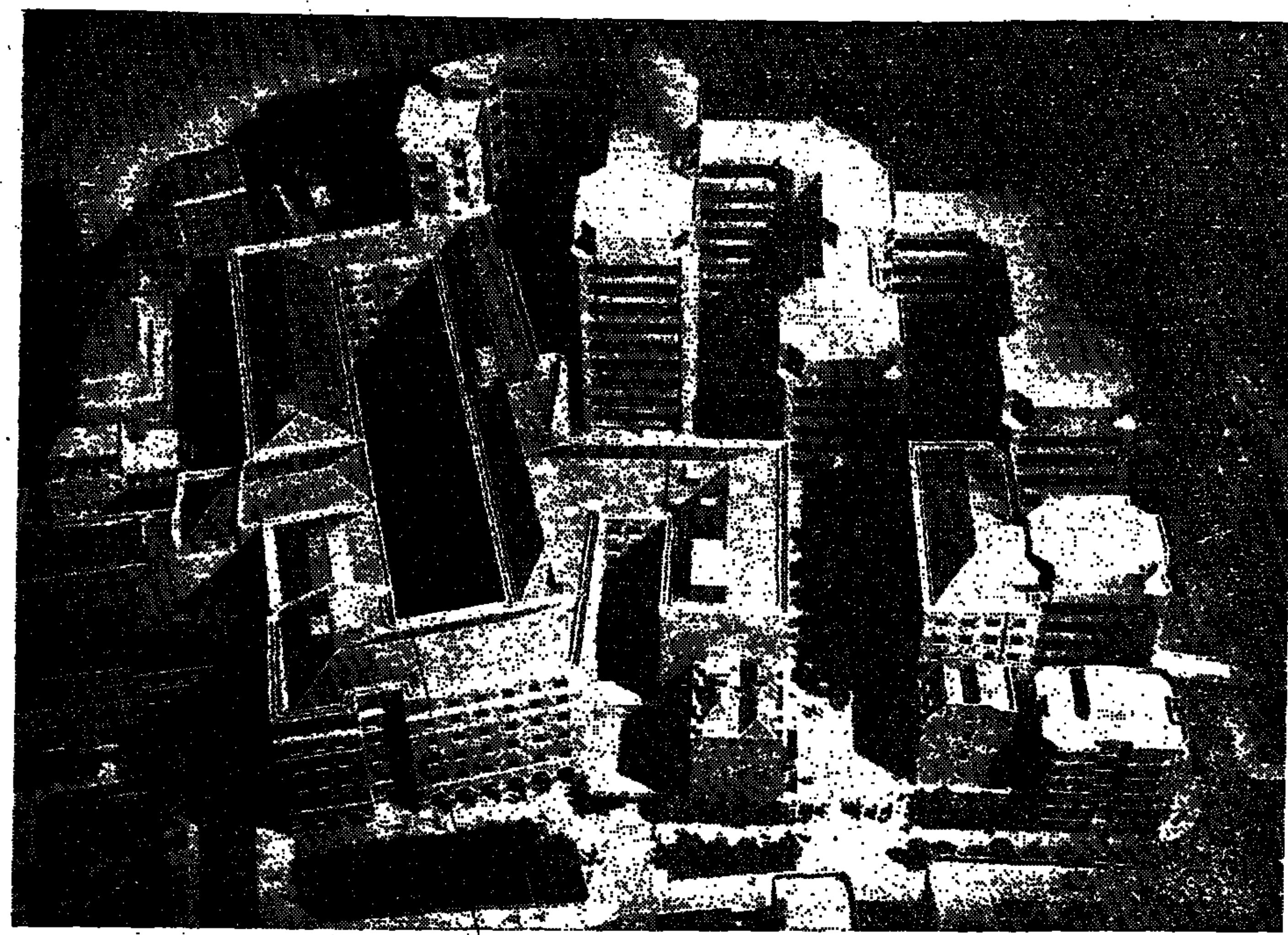
Interlinking

The north site consists of a series of interlinking courtyards which will include a market square, supermarket, a training centre, stables and squash courts. According to Mr. Geoffrey Carter, managing director of Trafalgar House *Developments, people will be* able to arrive in Chiswell Street, breakfast in an 18th century courtyard coffee house, stroll across the road for a game of squash and then—stamina willing—keep a City appointment all within an hour or so.

The entire development is next door to the Barbican Arts and Conference Centre, now under construction by the City Corporation. The centre will provide full conference facilities for up to 2,000 people and is scheduled to open in 1981 when the Chiswell Street scheme is due to be completed.

Chiswell Street will represent the first office development of such dimensions to be completed since 1967, when the Paternoster Square scheme alongside St. Pauls—also a Trafalgar House partnership development—was opened. Several other large City schemes will be following on shortly afterwards, though many —unlike Chiswell Street—have had tenants or owners in mind from the start.

هكذا من الأصل



Model of the Cutler St. development

New and old combined

THE GREYCOAT Estates-Standard Life Assurance joint development scheme (model *above) on the site of the old* Port of London Authority (PLA) Cutler Street warehouse complex represents one of the largest projects of its type ever *undertaken in the City.*

On a 4½-acre site within a few hundred yards of Liverpool Street Station the two partners are developing 820,000 sq ft of *space, nearly half of which will* be in the shape of retained buildings. The scheme will provide over 500,000 sq ft of office space, together with shops, restaurants, leisure facilities, flats and car parking.

The development is scheduled *for completion in 1981 and is* being carried out in direct association with and financed by Standard Life. Greycoat has reached agreement under which Standard Life will grant the company a long leasehold interest in the scheme from which it will receive an initial rental income equal to 6 per cent of the total income arising from the development.

The Cutlers Gardens development is under way only atfer years of debate on its future, largely revolving around conservationist pressures to retain the warehouse site in its original form. A compromise solution will see many of the 18th century buildings put up by the *East India Company* retained in the scheme. Brick elevations will be refurbished and interiors will be rebuilt.

Several proposals for rede*velopment were put forward and* eventually Greycoat received planning approval for its preferred scheme. Listed building consent was also obtained.

The future of the site has been in question since 1973 when it was bought by English and Continental Property, a company which subsequently collapsed leaving the Crown Agents with losses of £42.8m and without paying the PLA the full £13m purchase price.

The site reverted to the PLA in 1976 and the following year Greycoat first became interested. At one stage it looked as though the Baltic Exchange would *represent a major tenant in the* new development but its interest has since lapsed.

Greycoat is now looking for tenants, though with completion still some way off it has not yet started any concerted marketing campaign.

Rental growth likely to taper down

THE CITY of London office market has reached another of those periodic turning points *when rents after two years of* relatively sharp growth may be expected to fall in real terms over the next 12 months or so.

That there is yet no sign of *any significant erosion of rental* values, despite record interest rates since November, is a tribute to the stability that has come into the market since the *property* collapse in 1974-75.

Rents in the City would seem at worst set for a period of standstill, although most property analysts would expect to *see some growth in 1980, poss*ibly of around 10 per cent.

There seems very little likelihood of the disasters of five years ago being repeated. Top *quality offices in central London* remains in short supply and few of the major schemes now in the pipeline will be completed within the next two or three years.

By then, it is hoped a world economic recovery will be under way—led in the UK by North Sea oil income—and which according to some analysts could result in a very strong upsurge in demand for office *space by 1982.*

The timing of the next recovery is still very much open to question but there seems to be little cause for the City office market to *feel* seriously threatened in the short term.

In the longer term there has been much debate as to what impact new technology and the continued decentralisation of *some office functions away from* the capital will have on future central London office needs.

According to figures produced by the Department of Environment and the *Greater London* Council the number of office workers in central London has declined from 757,000 in 1966 to 680,000 by 1976.

At first glance this movement in office population away *from* London would appear to have disturbing implications for the central London market given the still wide disparity between rents in the City and those prevailing elsewhere in the country.

However, while the number of office workers in central London has declined over the past 15 years the amount of office space used by individual employees has risen sharply.

Replaced

According to stockbrokers Vickers da Costa, in their recent review of the central London office market, this trend reflects a continuing decentralisation of routine office functions away from the central area—*which have been replaced* by higher level managerial and financial service functions like banking and insurance.

The brokers say that demand *for City accommodation will* continue to be underpinned by both national and international office users which "need to be near the centre of government and the specialist financial skills of the City." It says: "The long-term development cycle for *central London offices is cur*rently at the stage when the space available from the last upsurge in supply brought about the sharp rise in rent levels in the late 1960s and early 1970s has now largely been absorbed.

"While the rise in rents during 1978-79 is currently en*couraging a renewed upsurge in* planned developments there will be an underlying shortage of space available for at least the next three years until these *currently planned developments* are completed.

"If there were a renewed upsurge in demand during the next three years resulting from a world economic recovery, supply would be *quite insufficient* to meet demand. This would be likely to result in a significant rise in rents in real terms."

The brokers take the view that a recovery in activity is likely and that this could lead to strong demand for space in 1981-82, particularly with "the lifting of all exchange controls *in October, 1979,* and the Government's policy of endeavouring to concentrate resources on the *fastest* growing sectors of the economy, for which London is a magnet."

The City, which at the last official count in 1977 had 36.5m sq ft of *offices* within its boundaries, remains the most expensive office market in the world—at least so far as rents are concerned.

A *recent survey of 23 major* international cities conducted by British estate agents Richard Ellis showed that for top quality suites of 5,000 sq ft tenants in the City of London can expect to pay almost £4 a sq ft more than in Hong Kong the *second most expensive* office location.

According to Richard Ellis, top office rents in the City, presently average around £20 a sq ft compared with just over £16 a sq ft in Hong Kong and between £15 and £16 in Paris and New York.

However, the Ellis survey concentrates solely on rents. It makes no international comparisons of other costs such as wages, which in the UK are significantly lower than in a number of other leading countries.

Wages make up a substantial proportion of the total costs of running an office and when both salaries and rents are included in overheads the City puts up a much better showing.

A survey prepared *last year* by the now defunct Location of Offices Bureau (LOB) showed *that when* wages and rents are combined the cost of running an office in the City can work out between 53 per cent and 75 per cent cheaper than in Paris, Geneva and Dusseldorf—the most expensive European locations.

The study of European office markets was carried out for the LOB by the Economists Advisory Group although the findings were never published. It concluded: "As a whole the UK showed up as the cheapest in comparative labour costs, with the gross annual earnings of office workers the lowest in Europe. In addition, the magnitude of UK employers' social security and contributions were lowest."

London was also found to be the cheapest for minor cost factors such as gas and electricity and, while not altogether competitive in telecommunications costs, did score better than France and West Germany in this area.

Eroded

The sharp rise in sterling over the past 12 months will have eroded some of this competitive edge but clearly the cost of operating *offices in the City* is not as prohibitive, in international terms, as straight com*parisons of rental levels would* suggest.

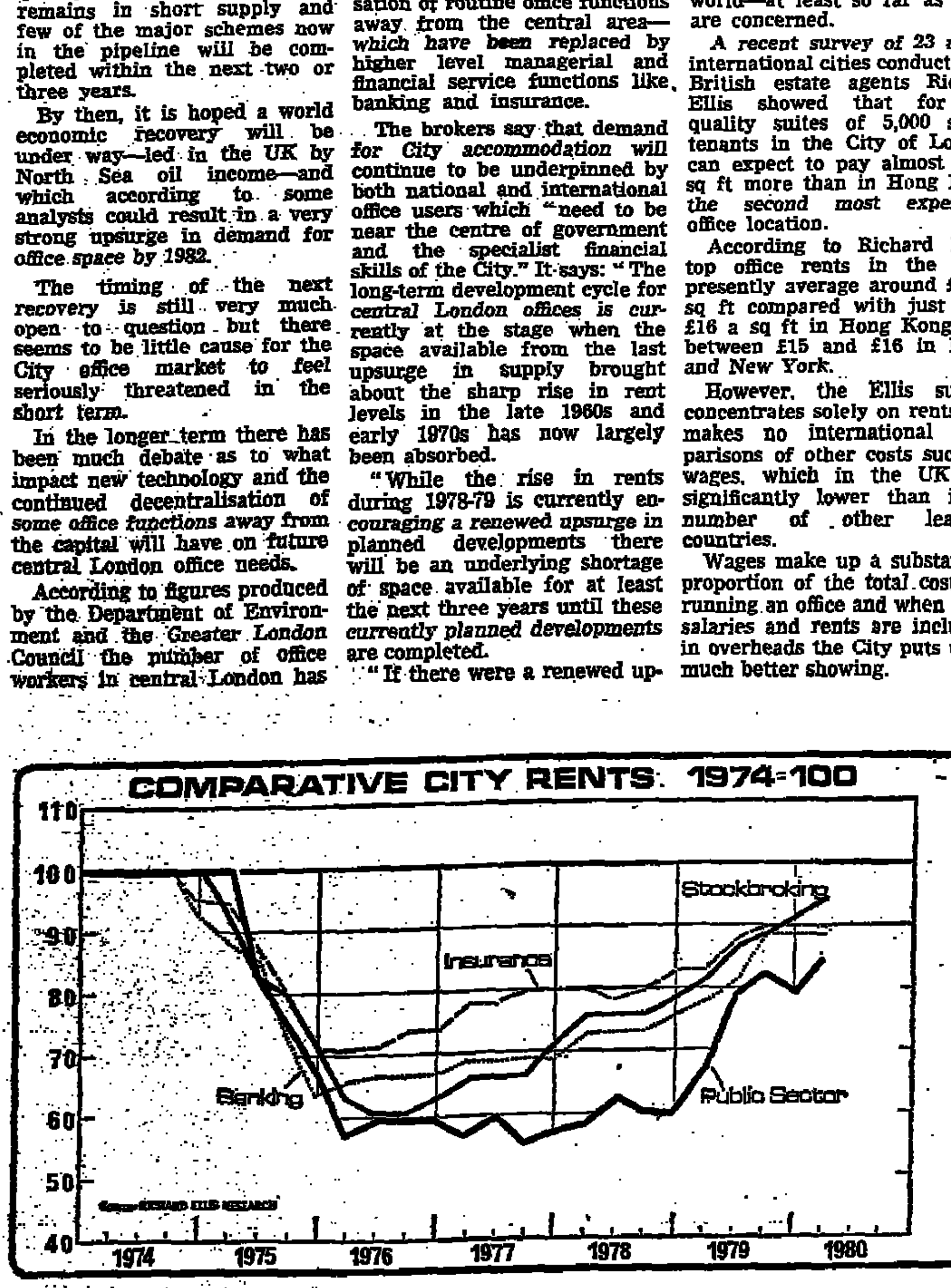
For UK operations, however, the City represents by far the most expensive office location in *the country. Top office rents in* leading provincial markets like Birmingham, Leeds and Glasgow have only recently achieved the £5 a sq ft level.

Certainly cost factors have played a part in persuading some companies to seek alternative office locations to Central London. Over the past decade there has been a marked narrowing of rent differentials between the fast growing office market to the west of the capital, in towns like Reading, Slough and Windsor, and the prestige West End and City markets in London.

It is only in the past 12 months that top City rents have caught up with the £18-£22 a sq ft achieved in 1973-74. After *adjusting for inflation*, City rents remain well below the levels achieved in the boom property market in the early 1970s.

By comparison, rents in Reading and Windsor suffered little as a result of the property collapse and present rents for top-quality buildings averaging *around £10 a sq ft certainly* represent strong growth in cash terms and are probably higher in real terms as well.

Andrew Taylor



Holborn comes more into favour

THE HOLBORN office market—sandwiched between the City and West End—has always suffered by comparison with the performance of its neighbours either side, but over the past 12 months rental differentials have been narrowing.

It remains to be seen, however, how much longer this erosion of traditional rental differentials can be maintained against the backcloth of economic recession and record interest rates.

The general shortage of good quality office space in central London last year and the relative cheapness of Holborn rents compared with City and West End levels were the prime reasons for the buoyant lettings market.

Rents in the area rose on average by around 20 per cent in 1979—in some cases by as much as 50 per cent. But several agents have since reported that some of the steam has gone out of the Holborn market since Minimum Lending Rate was increased to 17 per cent last November.

They say that while demand for good quality offices in the area remains very strong and there is still a very high level of inquiries from prospective tenants and purchasers, rents—although still rising—are not going up at anything like the pace of early 1979.

Evidence

Mr. Rodney Petty of Weatherall Green and Smith takes a different view. He says that on the evidence of several recent lettings carried out by Weatheralls rents are moving up as fast as ever.

Clearly, though, this pace seems unlikely to be maintained, and the general view among agents is that rents are likely to reach a plateau in 1980 and that any rental growth is unlikely to be more than a few percentage points.

Attitudes of those operating within the Holborn market—as with so many areas of UK commercial property presently—can best be described as cautious rather than pessimistic. The market is much more strongly based than in 1974-75 when economic recession sent rents and capital values tumbling and less financially secure, highly geared, property companies into the hands of the receivers.

Nobody expects conditions over the next 18 months to approach anywhere near the crisis climate of 1974/75. Strong competition among major investment institutions for a still scant supply of top quality offices should, in the short term, help underpin values despite the uncertain economic climate.

Longer term, there is a wide-ranging debate as to what London's office requirements are likely to be over the next decade. Will the advent of the micro-chip reduce the need for so much office space? What will be the impact on supply and demand of new schemes for areas like Coin Street, Vauxhall Bridge, Southwark and to the east of the City generally, have on future supply and demand?

It would be foolish to suggest that London will not remain a major national and international centre for commerce and industry and at that top level office accommodation will not always be in strong demand. Certainly a serious imbalance between supply and demand seems unlikely to occur in the short term.

De Groot Collis in its January review of the Holborn office market estimated that there is currently around 300,000 sq ft of new offices presently being built and due for completion within the next 18 months.

On top of this there is thought to be a further 100,000 sq ft of modernisation of existing buildings in progress.

"This compares with an estimated 630,000 sq ft of construction work in progress at the beginning of 1979. If the take-up of space in 1980 continues at the same pace as last year, there is likely to be an acute shortage of offices in the Holborn area," says De Groot.

However, the strength of the market can be expected to be tested with a number of these new developments due to be completed in the next few months. These include:

- 36,500 sq ft being developed by St. Martin's Property at 90, Chancery Lane;
- a further 21,000 sq ft by St. Martin's Property at 32-33A, Farringdon Street and due for completion June, 1980;
- 83,000 sq ft by Townsend Thoresen at 185-192, High Holborn, due for completion May, 1980;
- 23,500 sq ft by Haslemere at 9, Bridewell Place, also due May, 1980;
- A further 35,000 sq. ft. at 117-131 the Strand being developed by Regional Properties and due for completion this summer.

Work has also started on nearly 200,000 sq. ft. of offices being developed by MEPC and Legal and General on the Long Acre site in Covent Garden and due for completion summer 1982.

Other schemes in the pipeline include 80,000 sq. ft. being developed by Bernard Sunley at 12-16 Fetter Lane for completion in August 1981 and 60,000 sq ft by the Prudential at 143-150 Holborn.

What impact offices due for completion over the next few months will have on the Holborn market is difficult to judge. There is very little vacant top quality space around at the moment and given a reasonable level of demand the new supply should be fairly easily absorbed.

Equally, the still relative cheapness of Holborn rents, by comparison with the City and West End (as shown by the table) may assist the market. The top rent for the area remains £15 a square foot which Town and City and the Prudential achieved last year for their 159,000 square foot office development on the site of the former Gamages store. The entire building was let to the Post Office.

Although traditionally regarded as the poor relation of the City and West End Holborn's image has been enhanced over the past few years by a number of blue chip tenants like Mobil Oil moving into the area. The decision by the Confederation of British Industry to move its headquarters to Centre Point at the corner of Oxford Street, Tottenham Court Road and High Holborn can have done no harm to rents.

The CBI agreed a rental of around £8 a sq. ft. at the beginning of last year for its offices in Centre Point. Today the asking rent for the remaining floors of the building is thought to be around £13.50 a sq. ft.

The Holborn area is well located within easy distance of the principle banking and commercial office markets—just a short Tube or taxi ride away from the Stock Exchange, Bank of England, Lloyd's, and the main commodity markets.

It is also reasonably placed with regard to main rail termini like Liverpool Street, Charing Cross, Victoria and Euston through which hundreds of thousands of office workers feed in and out of London daily.

The Holborn office market has progressed strongly, with a continuing demand for good quality space and rents have advanced accordingly. There are still opportunities for investment and many offices in Holborn are suitable for refurbishment.

Its location and relative cheapness of rents will continue to act in Holborn's favour but as Weatherall Green and Smith conclude in its latest review of the market:—

"It may be a difficult year for the property market generally. Continuing high interest rates will tend to hold back development plans other than those already committed and it seems likely that demand will not be as strong as during 1979.

"The implications of the new Government's policies have yet to be fully appreciated and for companies seeking to expand in terms of industrial output, decisions in respect of office accommodation may well be a long way down the list of priorities."

Longer term the arguments over London's future office needs will continue. The sharp rise in rents in towns like Reading and Slough, to the west of London, over the past decade perhaps indicate that for some companies at least a City or West End address is no longer such a high priority.

As communication techniques improve with the introduction of new systems like Prestel it may be that more companies will not see the same need to have expensive offices in the City, particularly in a more austere financial climate.

Equally it has been argued that the micro-chip will make industry more efficient and allow manufacturing companies to expand, thereby creating a need for more office space rather than less. Either way the London office market, not just in Holborn, looks set for some interesting times this decade.

Andrew Taylor

CENTRAL LONDON RENTS
(£ per sq. ft.)

Autumn 1978

	City	Holborn	West End
New air-conditioned	17-18	9-10	14-16
Modern/refurbished	10.50-14.50	6.50-7.50	10-14
Old	8-11	5-7	7-10

Autumn 1979

	City	Holborn	West End
New air-conditioned	18-22	12-15	15-18
Modern/refurbished	16-18	9-11	13-15
Old	9-12	7-8.50	9-12

Source: Weatherall Green and Smith.

Measures to improve the retailer's lot

AFTER a period of several year's new office developments are springing out of the ground or being planned all over the City again. One estimate suggests that there are nearly 5m square feet of office space under construction or just about to be started.

One would be hard-pressed, on the other hand, to list more than a dozen shop units in the same state of development, although the City's working population which demands all this new office space is also a consumer population equal in size to one of the country's larger cities.

The problem is, of course, that the City population is a day-time week-day gathering. On Saturdays, the prime shopping time, the population drops to around 5,000, insufficient to support even a moderately sized neighbourhood shopping centre. Even during the day, of course, the profile of the population does not include housewives or even householders in so far as they may be shopping for consumer durables.

City shopping has traditionally revolved around menswear units, restaurants and fast food outlets, with a sprinkling of personal and gift shops from record bars to perfumeries. Apart from the introduction of the odd supermarket catering for the working wife and cooks in City firms' private dining rooms, and the growth of young women's fashion chains with the cult of the highly paid secretary, that pattern still holds.

There are pockets where individual entrepreneurs have managed to carve out profitable businesses from more traditional sectors—a discount department store near Bishopsgate and a furniture and carpets centre off Ludgate Hill spring to mind. But these are not indicators of an opening for one of the specialist shopping centre developers to build a traditional mall-type centre with anchor tenants and the classic High Street chains.

Such a scheme would be doomed to failure—or to put it more accurately, aborted on an initial and cursory investigation of the site cost.

New office schemes can command rents ranging between £15 per foot and £25 for prime units. Standard shopping units in the City let to truly retail businesses (as distinct from building societies and the like) can command little more than £8 per foot.

This should not suggest that City retailers are an unprofitable group of businessmen—far from it. The turnover of tenants on the main thoroughfares is lower than the average High Street and the numbers of "closing down" sales signs is an indicator of redevelopment more often than of business failure.

Still, the equation between costs and profits is a delicate one. Retailers in the City plan their businesses around a 15-hour week. This includes the two hours of lunchtime and the half hours at the beginning and end of the shopping day which overlap normal office hours. Otherwise staff are more often than not idle for many hours.

These factors make positive retail planning in the City particularly difficult. Indeed the City planners appear to have altogether abandoned exercises in creating new shopping areas. The redevelopment area around St Paul's has now proved successful in terms of the retail sector but it took many years to settle into its permanent mix in which, needless to say, cafe-restaurants predominate.

The more recent attempt to enliven the High Walks connecting London Wall and the Barbican by a parade of boutique-sized pre-fabricated shops must now be written off as a failure. While a few stalwart retailers have clung on there, even the City Information Bureau has folded its tent and slipped away.

Instead City planners are concentrating on two more neutral priorities intended to provide support for individual retailers wanting to maintain a presence in the established shopping areas.

The first, and more important, is strong pressure from the planners on landlords to let to genuine retailers wherever possible in order to curb the proliferation of building societies, fringe and foreign banks and other quasi-retail concerns which so easily displace existing retailers by their ability to pay rents equal to office levels or even higher.

The planners also try to persuade developers to incorporate some shopping in the ground floors of new office buildings but their success ratio is low except where such buildings have frontages on to the main shopping thoroughfares.

It is in the preservation and enhancement of these that the planners concentrate their second priority. In the main that means vetting and improving pedestrian access, not an easy task with so much large-scale building cutting across traditional alleys and paths or blocking them for periods of several years.

But at least the planners are spared the nightmare of most local authority officials with responsibility for high streets—parking. City shopping is almost exclusively pedestrian. Nevertheless this brings its own problems as office schemes of considerable size begin to sprout on the city boundaries.

These schemes have already created and will increasingly attract large numbers of office workers to areas outside a walking radius of the established shopping streets. The massive Trafalgar House/Whitbread scheme in Chiswell Street at the far end of Moorgate where it meets City Road will on completion create a significant demand for more shopping facilities than the immediate vicinity presently goes anywhere towards supplying.

The redevelopments at Gardiners Corner and Aldgate are likely to reveal similar shortfalls, though the current supply is much higher than on the City's northern boundary.

The Bishopsgate area poses a separate problem—and one which is admitted to be a headache by responsible City estate agents. The dual attractions of the railway station—which serves a much broader population than the more strictly commuter stations of Cannon Street, Fenchurch Street and Blackfriars—and Petticoat Lane, one of London's premier tourist drawcards, create insatiable demands for space from ephemeral traders in trendy fashions and tourist merchandise.

Like the quasi-retail businesses, these traders can outbid traditional retailers and the area is showing signs of diminished services as chemists, hardware shops and small groceries make way for jeans, souvenir and cheap fashion bazaars.

Demand from these traders is fairly limited elsewhere in the City, where the remaining upmarket specialist concerns such as tailors, sports goods suppliers and booksellers who survived the upheavals which followed the banking and stock market recession of the mid 1970s now seem to be enjoying stability and profitability.

These specialist outlets form one of the traditional strands in the City shopping pattern. Another, which is in constant turmoil, is the food industry, which in the City takes the form of restaurants, sandwich bars, patisseries, cafes and wine bars. Agents report demand from this sector to be so insatiable that few will accept instructions to to find premises for restaurateurs and would-be cafe owners.

A few of the established chains if wine bars can twist the arms of agents to act for them, but the bulk of the outlets in this sector are operated as "one-off" units by individuals. They must be prepared to spend a long time searching for outlets themselves and must also be prepared to lay out sizeable sums in "key money" to obtain tail ends of leases or ill-laid out units in order to get their first footing in the area.

The City could support many times more medium-priced restaurants and fast-food units than it does but for the high cost of space in new developments and the incursion of quasi-retail outlets during the 1960s and 1970s which decimated the stock of retail units. As a result, existing restaurants exploit the unsatisfied demand for lunchtime eating (much of it subsidised by employers) and enjoy margins noticeably higher than elsewhere in the capital.

Christine Moir

THE ARTS

Cinema

Black comedy by NIGEL ANDREWS

Richard Pryor Live in Concert (X) Gate 2, Ace Brixton and Odeon Westbourne Grove

The Brood (X) Classics Oxford Street and Leicester Square, ABCs Fulham Road and Edgware Road

Drama of the Rich (AA) Curzon

SOS Titanic (A) Scene, Classic Victoria

The Last of the Blue Devils Electric

Richard Pryor lopes onto the stage like a cartoon dog in search of a bone: hunched of shoulder, querulous of eye, skinny of frame. Stand-up comedy doesn't travel so well as movies, and Pryor is better known in England for his feature-film appearance—he was Gene Wilder's dusky, daffy side-kick in *Silver Streak* and the turncoat black trades-unionist in *Blue Collar*. But across the Atlantic Pryor's fame is built on his scatty genius dishing out off-the-cuff comedy on TV talk *shows or one-man concert* appearances.

Here is one of the latter. *Richard Pryor Live In Concert* is an on-stage solo recorded at Long Beach, California. For a movie there's not much movement—at least of the camera. It sits there quietly inscribing for posterity Pryor's antics and occasionally peeking out into the audience for the statutory and exultant reaction-shots. A recorded stand-up show, you'd think, would sit happier on a TV screen. But Pryor is one comedian who deserves to have his face and physique writ large on a movie screen. His elastic grimaces and pop-out eyes and windmill arms need space to gyre and gimble. He's like a black-American Billy Connolly plugged into a higher voltage: telling long, lewd shaggy-dog stories where the punch-line gets lost in a wild welter of lead-up detail and where speech gives way to mime at the drop of a histrionic hint.

Pryor squeaks and stomps and growls and flutes through jokes on everything from urination to police brutality, from heart attacks (*the bad one in his* garden a few years ago) to sex. Pryor can slip comic gear and swap *comic masks quicker* than any comedian I've seen. One moment he's a hulking Macho-Man *deep-throating* his all-American virility, the next he's a child owning up to his dad in *piping* treble *for breaking* a priceless vase. And for good measure, try his silent mime of two *mating dogs jockeying* for a safe square yard in the middle of a busy road.

It's classic one-man comedy in the best tradition of Stand-up American shtick. Anything goes, *and if-it moves - make - a - joke*-about-it. You should gird up your coats and scarves and your broadmindedness *and go and* see it.

*

Down in a deep, dark dell sits Samantha Eggar chewing the baby. Well, to be strictly accurate, she's chewing the blood-soaked caul in which her infant is wrapped in order to release it into the world. And no ordinary baby is he. Like its mother's previous offspring, it is born to the execution of horrible deeds in darkest Canada. It is the child not of carnal knowledge with a man but of Miss Eggar's unconscious hostilities. There he sits in this sylvan psychic chalet, the prize patient of sinister psycho-plasmatist Oliver Reed, and her estranged husband (Art Hindle) keeps accosting Reed in his office to ask why he can't visit her. Meanwhile, Mr. Hindle's in-laws are being bumped off by little children in hooded raincoats. First ma-in-law goes, struck horizontal by a mallet in the kitchen. Then pa-in-law goes, his head rendered pulpy by the repeated application of two glass paper-weights.

David Cronenberg's *The Brood* has a batwing battiness worthy of this Canadian director's earlier essays in horror—*Shivers* and *Rabid*. Cronenberg's movies are a *sons-pareil* in low-budget "exploitation." They do not dawdle, nor do they pussyfoot. If you came for *tomato ketchup, you will get it*. But better than that, you will also get a silkily smooth and *continuo plotline, with a regard* for logic and motivation rare if not extinct in most of his *horror-dispensing rivals*.

In The Brood you have only to swallow the initial premise *that unconscious hatreds can* bear real children, who will act as instruments of their owner's aggression, and everything slips into place.

The set-piece murders of arcane goriness alternate frisky with the husband's ever more frenzied search for the source of the horror and with his wrestlings with the macabre unhelpfulness of Mr. Reed. (Reed is in fine form here, his bull-necked whisperings ever more suavely maniacal.) And the movie's ending, with sleepless Hindle meeting hard-boiled Eggar as the terror crescendoes, is a little gem of audience-baiting suspense.

*

Italian cinema has always loved to dally with the misfortunes of the very rich. The closet luxuriousness of Socialism, the *nostalgie de la boue* of political asceticism, incubate for us our Bertoluccis and our Viscontis, and — a few places down the chart — our Mauro Bolognini. *Drama of the Rich* is one of that craftsman-like Italian director's rare exports to Britain. They're rare, I suspect, because all his films are basically the same. When you've tasted one dish of Spaghetti Bolognini you've tasted them all. They're velvet-wrapped and gorgeous drawing-room *imbroglios*, stuffed with Continental stars and usually slinging mud—in the nicest way possible—at the un-fragrant misdoings of the aristocracy or the bourgeoisie.

Drama of the Rich is based on a real scandal in turn-of-the-century Bologna. A wealthy young man of Socialist leanings (Giancarlo Giannini) kills his brutish brother-in-law to save his sister (Catherine Deneuve) *from a life of domestic torment*. He tries to cover his tracks by fleeing to France, but the *father* (*Fernando Rey*) learns of his son's culpability and alerts the police. Justice follows, and such is the Reds-under-the-beds climate of Italy at the time that the family's socialist tendencies bring down the mighty, scapegoat-making wrath of the courts.

Bolognini directs *with a* smooth and stately romanticism, making much use of smeared lenses for the nostalgic diffusion of light and giving his period compositions the softly *chiaroscuro* look of early Impressionism. It's like Manet with Vaseline, as the sombrely lovely tableaux succeed each other and the actors interplay through the gauzy light. But distanciation is finally the film's downfall. We care increasingly little for these figures in a fogged Arcadia, and the dubbed voices — Deneuve especially odd with *bel canto* Italian issuing from those cool French lips — add to the growing sense of remoteness. Perhaps Visconti could have carried it off. At least beneath the stuffed shirts and period deportment of his characters there was always an audible heart beating.

*

"Just tightening up a few nuts and bolts" says the ship's designer to the shipping-line boss on the morning of the maiden voyage. The Famous Last Sentences fly thick and fast in *SOS Titanic*. There's a less starry cast than we are used to in movie catastrophes —TV stalwarts like David Janssen, Cloris Leachman and Susan Saint James here filling the lifeboats or staying behind to go down with the ship—but you know from the dizzying flux of characters, the surge of subplots and the tumbling Tragic Ironies of the dialogue that this is the All-Human-Life mechanism of the disaster film in full throttle.

Well, in full throttle for 50 minutes or so; until, in fact, the dreaded berg is struck and the film, like the luxury-liner, starts to spring a few leaks. The spectacle, the horror, the panic *of a doomed sea-monster* teeming with human infestation—the Titanic is surely the *ne plus ultra of real-life disaster stories*. But the film doesn't rise to do it justice. One can get away with a non-star-studded cast—indeed it's a refreshing change—but you can't camouflage a cheeseparing budget or a script that combines novelettish hype with an infuriating lack of technical and statistical detail. (Why was the iceberg so fatal? How many lifeboats were there for how many passengers?) *SOS Titanic*, in short, goes down with the ship; first a few ominous gurgles, then a compulsive heave towards rock-bottom.

*

At the Electric cinema, jazz fans may devour *The Last of the Blue Devils*. Count Basie is among the syncopated disciples of Melpomene who strike up sounds in this lively 90-minute record of a Kansas concert. Also on hand are such as Jay McShann, Joe Turner and Jesse Price. It's jam for money, and cheap at the Electric's very reasonable prices.

Teresa Kubiak and Rene Kollo

Leonard Burt

Covent Garden

Lohengrin by DOMINIC GILL

It was Dorothy Parker (and if it wasn't, it should have been) who said that *Lohengrin* was "like *Parsifal* without the jokes." *Lohengrin* is not, traditionally, the most approachable of Wagner's operas: not one, at any rate, to be advised as the tyro's introductory choice. It has been seen, even by the most ardent Wagnerians, to have most of the faults and few of the graces: at best a ponderous affair redeemed by a dozen or so pages of marvellous music, at once massive and lightweight, an awkward dramatic frame *in which cumbrous* symbolism and superficial realism stand uncomfortably face to face.

There is a certain truth in that view: *Lohengrin* is not just one of several early essays in, but the first real prototype—not yet perfectly coherent in design, and with one or two important girders missing—of the massive bridge Wagner was about to construct (*Lohengrin* was finished in 1848, and *Das Rheingold* begun in 1853) between romantic grand opera and the new music drama. Its propositions compared to those of *the operas that succeed it are* tentative. Yet the Royal Opera's production, new in 1977 and now revived for the first time, turns the myth on its head: it is the producer Elijah Moshinsky's and the designer John Napier's startling achievement not only to make Lohengrin thoroughly approachable, but to discover in its slow and stately progress so much quick and sparkling theatre as well.

In this they are greatly aided by Silvio Varviso—whose direction of Bayreuth's *Lohengrin* was praised here by Andrew Porter for its smoothness and shapeliness in 1972, and to whose conducting are now added the still greater virtues of unfailingly precise and flexible pacing, and unflagging forward momentum. Both production and music move fast: and in Napier's set, a simple *white box furnished with just* four symbolic totems, speed is sustained without rush or haste. *Nothing in this Lohengrin is* laboured, nothing left darkly pregnant with meaning: *symbols are cut sharp and bright*, meetings direct and clear. The fresh breeze of Varviso's *direction finds a visual echo* everywhere.

David Hersey's lighting is dis*creet, unfussy, to the point*. Gauzes are used, for once, with imagination and flair: their two *sudden disappearances*, in the first act after Lohengrin's arrival, and in the second, to convey the closing of distance (and height) between Ortrud and Elsa, are small, but genuine, *coups de théâtre*. Spaces large and small are deftly controlled —the transition from night to day, solitude to crowd, in Act 2 was made with notable economy and ease.

The cast, except for the new Elsa of Teresa Kubiak, was substantially the same as in 1977. Miss Kubiak herself was clearly not well, and probably should not have been singing: no announcement was made, but by the third Act the voice had *all* but disappeared; it was courageous of her to stay. The Ortrud of Eva Randova was in *fine, ringing voice, strong and* beautifully tuned — I liked (though some may not) the *many intrusive, emphatic chest*-tones; and the dignity and fiery conviction of her bearing added *a nice twist to what is dramatic*ally otherwise a fairly cardboard role.

Rene Kollo's Lohengrin is an impressive tour de force, especially for such a light voice, not ideally suited to the rigours of the role. There were a few moments of strained intonation, and one or two ungainly scoopings; but the tone held admirably firm, the diction was clear, and the assumption *as a whole* convincing and very musical. Donald McIntyre's Telramund, *though the singing had no very* incisive edge, was impressive, reliable; the pathos of the part *was nicely judged*. The resonant and kingly Heinrich of Robert Lloyd brought fine focus to the opening scene, and splendid variety and conviction to a role almost always dully sung. All praise for what must be one of Covent Garden's most strikingly original successes.

Hammersmith Palais

The Pretenders

The Pretenders first London concert since they achieved great popular success with "*Brass in Pocket*," one of the best crafted singles for some time, was marred on Tuesday by the illness of singer Chrissie Hynde. *She is so much the* dominating force in this oddly assembled quartet—three men from Hereford; she from Akron, Ohio—that the infection which reduced her voice to a shadow of its sweet suggestiveness, also robbed the band of its purpose. Performing with obvious restraint, and troubled by the fact, Chrissie Hynde looked the part of the current pop idol—pretty, pert, tough in cut-down denim, and female —but as spectacle it was sadly low key.

The band took the stage in total darkness to the thundering music of Wagner and there was plenty of attack in their own playing. Unfortunately it lacked *any great sense of direction* switching from restrained new wave—with Ms Hynde spitting *out the words with assumed* toughness — to melodic pop mainstream with a hint of the *studio soul sound of the sixties*. Something could well come of it all but at the moment The Pretenders seem to lack confidence. "*Brass in Pocket*," so smooth on record, is put over very much like a cover version, Chrissie Hynde going through the motions with self-conscious mannerisms, and quite biting songs like "*Precious*" and "*Kid*" deserve more energy. The audience was certainly with them and experience and stronger material should make Ms Hynde more than a Debbie Harry clone who also plays the guitar.

ANTONY THORNCROFT

Palladium to return to variety policy

The London *Palladium* will return to variety after Yul Brynner and the *King and I* end their run at the end of September. Announcing this, *Palladium managing* director Louis Benjamin said: "*The King and I*, which opened in *June last year*, has become one of the biggest success stories in the Palladium's 70-year history. *When it finally closes* it will have smashed every Palladium box office record since we *interrupted the theatre's top* variety policy in order to bring the show from Broadway.

"*Now* we are gearing to resume the superstar attractions which have in recent years established the Palladium as the world's number one showcase for variety entertainment."

FOOD PRICE MOVEMENTS

	March 6	Week ago	Month ago
	£	£	£
BACON†			
Danish A.1 per ton ...	1,230	1,230	1,270
British A.1 per ton ...	1,180	1,180	1,220
Ulster A.1 per ton......	1,180	1,180	1,220
BUTTER†			
NZ per 10 kg	14.80/14.97	14.80/14.97	14.80/14.97
English per 10 kg	—	18.57	17.64
Danish salted per 10 kg	19.18	19.18	19.18/19.51
CHEESE‡			
English cheddar	—	1,560/1,612	1,595
Irish cheddar	—	1,535.95	1,535.95
Danish cheddar	1,450	1,445	1,435
EGGS*			
Home produced:			
Size 4	4.40/4.65	4.40/4.60	4.50/4.70
Size 2	4.85/4.95	4.75/4.90	4.80/4.95
	March 6	Week ago	Month ago
	p	p	p
BEEF			
Scottish killed sides ex-KKCF	63.0/67.0	63.0/67.0	64.0/68.0
Eire forequarters	46.0/49.0	46.0/49.0	48.0/51.0
LAMB			
English	68.0/72.0	56.0/70.0	50.0/56.0
NZ PLs/PMs	52.0/54.0	52.0/54.0	49.0/52.0
PORK			
All weights	36.0/48.0	36.0/49.0	37.0/50.0
POULTRY			
Oven-ready chickens ...	39.0/48.0	40.0/48.0	38.0/48.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

Wyndham's

Accidental Death of an Anarchist

by B. A. YOUNG

It is an excellent idea of the Wyndham's management to bring in some shows from the fringe for an airing in the West End, and they have made a good choice with Dario Fo's *Accidental Death of an Anarchist*. This is the production by Belt and Braces that Michael Coveney reviewed at the Half Moon, and it stands up well to its transfer into a bigger and prettier house.

The play has been adapted by Gavin Richards, who also directs and plays the leading part, that of a left-wing agent who having provided himself with papers to prove that he is mad adopts a series of disguises in order to undermine corrupt authority. The first act is pure farce in which he manages to visit a police station where, shortly before, an anarchist under interrogation had accidentally fallen from a high window. *There he dupes the* cops into the belief that they are to be visited by an investigator who will *check the facts* of the case. The investigator is himself, and in the second act he checks them.

Gavin Richards

This act is also very funny, but it has teeth. The official police report is, little by little, shown to be a farrago of deceits. (The play is based on a notorious scandal in 1969.) The same slapstick style is used throughout. Anything goes—a burst of song, an interval of stand-up jokes, knockabout, audience involvement. I was reminded of the great days of the Crazy Gang when we still had variety theatres. At the centre of it is Mr. Richards, clearly a great comic, assisted by four other, less great, comics and a girl whose part as a reporter is hardly meant to be funny at all.

It is meant to precipitate the final catharsis, which is serious. First there is a hit at the communications media — "The people want truth, so you offer them scandal"—then there is a straight appeal for left-wing *solidarity. It's worth enduring* this as the price of the immense pleasure given by the previous *two hours*.

From today, the evening at Wyndham's will begin at 6.15 *with The Primary English Class*, an American comedy by Israel Horowitz from another fringe company, the Orange Tree in Richmond. The Dario Fo piece starts at 8.40. Prices for tickets are massively reduced.

Sadler's Wells

Playboy of the Western World

The view that ballet is an international art, because there are no language barriers to prevent any country from savouring the dance of another, is not one I share. Few things seem more determinedly national, or more determinedly incomprehensible, than *some of the ballet* I see from other nations. And none more so than the Irish *Ballet's production of Playboy of the Western World* with which the company makes its *London debut this week*.

Synge's play proves an intractable *subject for dancing*. Without the intoxication of Christy's words much of the interest in the piece evaporates, and without prior knowledge of the drama the dance action is bemusing. To bring these peasants to life calls for greater depth of characterisation than is evident in Joan Denise Moriarty's choreography and for rather more persuasive playing *from the ensemble. The dance* language is a barrage of folk-steps with the occasional nod *in the direction of the academic* manner; like the musical accompaniment *which is provided by* The Chieftains, a folk-music troupe, it is inordinately homespun.

On its home territory, where Synge's play, and the musical and folk-dance idiom of this adaptation, are well-loved, *Playboy* has known great success — and I record that *Wednesday's* audience seemed enraptured. But local delicacies do not *always travel well, and for a* return visit the Irish Ballet must consider bringing something less quaintly ethnic.

CLEMENT CRISP

Festival Hall

Simon Preston by PAUL DRIVER

Wednesday's was the seventh of the GLC's weekly organ recitals, whose early starting time makes them informal if peculiar upbeats to the evening's main business. Preston conveyed Bach's *Prelude and Fugue in B minor* (possibly his last such piece) with correctly impersonal tremendousness, reminding us as never before that all music has to be built in his work's fundamental sense, otherwise it is falling down, however good the performance *and though we notice it not*. The *Trio Sonata no. 1 in E flat* offered gentle contrast, despite *a pendantically heavy "oboe"* line in the supple, mellow *siciliano*.

Mozart's Fantasia in F minor (*K 608*)—one of but few organ compositions and not very idiomatically written—brought out the always latent absurd character of the instrument in concert use. The impression was of an incongruously amplified and distended version of the piano fantasias, similar in form and style. What would there have bad terseness here sounded pompous, even — unthinkable for Mozart—slightly ham. One was prompted to reflect that for all its tradition of grandeur, the organ is an essentially comic medium. With its unlimited but never somehow amenable range of sonorities, the unwieldiness of its physical projection of sound and the actual performance-spectacle — back-turned organist and lady assistant amusingly suggesting some sort of conjurer's act — the least one can say is that it lacks a middle-ground of expression.

But the capacity for hyperbole, the opportunity to exploit a McLuhan-like sensorium would seem to suit Olivier Messiaen, whose art as displayed in four "meditations" from his *Nativité du Seigneur* cycle (1935), along with his chosen instrument itself, perhaps fulfil themselves in the context of "pop" culture. Preston played the pieces with fair restraint, letting us off quite lightly in the "paradisiac dance" of *Les Anges. But no* amount of discretion can redeem those ritual chains of diminished and *added sixth* chords, soaked in false connotation, everywhere mocking the music's *pretension* with a slick, casual, cheaply extempore sound. Messiaen's monumental reputation escapes me. As Beckett unkindly said of Rilke, he cannot hold his emotions.

First British Horn Festival

The first British Horn Festival will take place at the Guildhall *School of Music on Saturday*, April 5. The programme will include recitals by Alan Civil, Barry Tuckwell and Frank Lloyd and the world premiere of a horn quartet by Humphrey *Searle*.

Further details available from the British Horn Trust, 116 *Long Acre, London WC2E 9PA*.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Friday March 7 1980

The missing strategy

ON WEDNESDAY the National Economic Development Council launched what was intended as the first tripartite debate on economic strategy since the present Government took office. The debate followed all too familiar lines, with calls for selective first aid, pay moderation and higher productivity—in short, the usual combination of wishful thinking and wasteful spending proposals. However, it did serve one useful purpose. It revealed an almost total absence of strategic thinking, not only from industry and the unions, hard pressed as they are by agonising short-term problems, but from the Chancellor.

Balance

The central question posed by the NEDO paper was what was described as the impact of the North Sea on competitiveness and the distribution of revenues. The Chancellor had little to say on this first topic, and declared himself open-minded on the second, sounding like an indulgent uncle contemplating the distribution of some hastily-chosen presents for the children. The Chancellor of a government professing the principles of the present administration has no business to be open minded on any such question. The prospective North Sea revenues are huge, and their deployment ought to be at the centre of the Government's economic strategy—a strategy which needs to be thought out and proclaimed.

The basic uses for North Sea revenue are already determined by Conservative policy — to reduce the Government borrowing requirement, and to cut taxes. These are alternative methods of making the revenues available to the market which can best deploy them. The crucial question is one of balance.

Complicated

The issues at stake are very large, because the scale of revenue — assuming that the real price of oil does not fall drastically — is enough to eliminate public-sector borrowing altogether during the lifetime of the present Government, or to cut taxes on a scale larger than has so far been discussed. The question is still open because until now the benefits of North Sea oil have largely been pre-empted by the oil companies, since they have been allowed to recover their own capital investment before they become liable to petroleum tax. It is the prospective growth of Government revenue which measures the benefit to the rest of the UK.

The choice is essentially one between investment in the future, or eat, drink and be merry. It might appear that a Puritan would devote the whole proceeds to reduced borrowing, and a hedonist to reduced taxes. The choice is more complicated than that.

Common prudence argues strongly that a large part of any temporary addition to income should be saved; the North Sea is all too far from inexhaustible. However, this does not mean that using the revenue primarily to reduce borrowing is a hair-shirt choice. On the contrary, its most immediate effect, a sharp easing of interest rates as total credit demand in the economy was reduced, would be generally welcome, and especially welcome to industry. The investment funds no longer pre-empted by the Government would be available for investment at home or overseas—helping simultaneously to stimulate growth, facilitate productivity, and ease the pressure on sterling.

Long-term

The question is not, indeed, how far it is desirable to reduce borrowing as how far, in the long term, it is practicable. The growth of Government North Sea revenue is to quite a large extent a reflection of an improved balance of payments; and it is not clear how large a current surplus would be tolerable to our trading partners.

This will become an especially pressing question if the Government's renewed interest in the European Monetary System hardens into real negotiations. The Government should make it clear that a substantial surplus, matched by capital exports, is an essential national objective while the oil flow lasts; but it seems clear, both for external and internal balance, that some of the proceeds will have to be fed into domestic demand. This again is likely to do more for industry and employment than inevitably mismanaged "selective" schemes.

None of this need preclude sensible spending to assist productive industrial change — notably on training and other measures to improve which the Government's recent cuts have brought a merited rebuke from Brussels. The first need, however, is not for vague expressions of avuncular goodwill, but to proclaim a central strategy for securing long-term advantage for a free economy from the North Sea.

Balancing in the Aegean

WHATEVER UNCERTAINTIES may hang over the Balkans, Greece and Turkey are still preoccupied with their own quarrels. There is the occasional meeting between them and the even less frequent agreement. Two weeks ago, for instance, the putative allies opened the airspace between them. But the distrust remains. Its most visible manifestation is the failure of the two countries to agree on the division of military responsibilities in the Aegean. General Bernard Rogers, the Supreme Allied Commander in Europe, has just visited Ankara as part of what he is privately describing as his last attempt to bring the parties together. He may yet need political help.

Shadow lurks

The days have gone since the Aegean dispute and its stepfather, the Cyprus problem, ranked second only to the collapse of President Richard Nixon amongst the worries of a U.S. Secretary of State. But their shadow still lurks. For three years this shadow caused the important U.S. bases in Turkey to be closed. Now these are open but there is increasing anger by Greek officials at American "tilting" to Ankara.

NATO is affected by the interruption of radar input into its early warning system. The disposition and armaments of two of its members is being dictated not by NATO but by purely national considerations. The EEC too has to face the problem. Greece is to become its tenth member in ten months, Turkey has served notice that it will wish to dine at the same table.

The disputes over the Aegean are frequently couched in arcane terms, but in essence are simple. Greece fears that Turkey might try to surround, isolate and eventually gain control of the islands within gunshot of Asia Minor. Turkey worries that Greece could use ownership of the islands to cut it off from the West and the open seas. Arguments over command and control in the Aegean are an extension of this. But the general response of both sides shows a woeful ignorance of each other's mentality.

The continuing dispute over Cyprus is a further block to improved relations. The leaders of the Greek and Turkish Cypriots, President Spiros Kyprianou and Mr. Rauf Denktash, have both been in London this week. They deny meeting, and both talk as if such a meeting would gain little. The inter-communal talks resumed briefly last summer but broke down after four sessions.

Dr. Kurt Waldheim, the UN Secretary-General, is weaving between the two to find a basis for resuming the talks. It is an important stage in that both sides are in effect negotiating indirectly on what would be the shape of the arrangements they would accept. But if Dr. Waldheim is unable to report progress by the end of this month, the President of the UN General Assembly has been charged with setting up a UN Committee to tackle the matter. The Turkish side sees this committee as unhelpful.

Strong levers

The West has strong levers in its hands. The government of Mr. Suleyman Demirel has staked its survival on an economic programme whose success depends on a rapid flow of aid. Much of this aid is coming but the package being co-ordinated by the West Germans within the framework of the OECD remains crucial.

Openly linking aid with politics is likely to gain little and cost a lot; the U.S. arms embargo on Turkey after Cyprus did not do any good. However, discreet linkage could be more productive. Indeed it is hard to doubt that Turkey's taking the initiative to open the Aegean airspace was intended to impress those who will be contributing to Turkey's coffers. But if any pressure is to be applied it must be applied evenly. The Aegean and Cyprus are disputes which arouse too strong feelings for unilateral concessions and the Greeks are also open to pressure. Stoking up the fires of humiliation is not to be recommended.

POLITICS TODAY

Liberals, by-elections and Mr. Jenkins

THE LIBERALS are verging on new territory. For the first time for many years the party has emerged from a British general election on a rising trend. The Liberals' share of the vote in the election last May was 13.8 per cent. According to the latest opinion polls, Liberal support now is running at about 18 per cent, which is not a bad gain considering that the Government has been only 10 months in office.

Not only that. Mr. David Steel, the party leader, is clearly on any analysis among the best-known and most respected politicians in the country. Take any test you like, whether reactions to broadcasts or opinion poll findings: Mr. Steel invariably comes out well.

There are other assets. The party in financially in the black. Its record in local authority by-elections since the general election has been rather good. The Liberals claim to have made a net gain of 18 seats, against a net gain to Labour of 22 and a net loss to the Tories of 35, though the figures are not entirely up to date. Activists are flocking back to meetings and letters of support are said to be coming in from former Tory and Labour voters alike. Among the 2,000 or so letters which Mr. Steel received after his last party political broadcast, about one quarter came from people who said they voted Tory last time and now wished they had not.

BY-ELECTION CHANGES 1900-1979

	Total* By-elections	Changes	Con. +	Con. −	Lib. +	Lib. −	Lab. +	Lab. −	Others +	Others −	Annual Incidence	% with Change
1900–05	113	30	2	26	20	4	3		5		22	27
1906–09	101	20	12			18	5		3	2	25	20
1910	20										20	—
1911–18	245	31	16	4	4	16	2	4	10	8	31	13
1918–22	108	27	4	13	5†	11†	14	1	4	2	27	25
1922–23	16	6	1	4	3	1	2			1	16	38
1923–24	10	3	2	1		1	1	1			10	30
1924–29	63	20	1	16	6	3	13	1			14	32
1929–31	36	7	4	1		1	2	4	1	1	15	19
1931–35	62	10		9		1	10				15	16
1935–45	219	30		29			13	1	17		23	14
1945–50	52	3	3							3	11	6
1950–51	16										10	—
1951–55	48	1	1					1			13	2
1955–59	52	6	1	4	1	1	4			1	12	12
1959–64	62	9	2	7	1		6	2			15	14
1964–66	13	2	1	1	1			1			9	15
1966–70	38	16	12	1	1			15	3		9	42
1970–74	30	9		5	5		2	3	2	1	9	30
1974	1										1	—
1974–79	30	7	6		1			7			6	23

* Up to 1918, and to a lesser extent to 1926, the number of by-elections is inflated by the necessity for Ministers to stand for re-election on appointment. In 53 such cases the returns were unopposed.
† In 1918-22 Opposition Liberals won 5 seats and lost 2. Coalition Liberals lost 9.

Table is taken from British Political Facts 1900-1979 by David Butler and Anne Sloman, the fifth edition of which was published by Macmillan last week. Hardback £20, paperback £8.95.

MR. DAVID STEEL
Tempted by an alliance

Macmillan era successes

Besides, do not the Liberals always do better under a Tory Government? The evidence for this is quite strong. It was in the dog days of Mr. Macmillan's premiership that they made their most spectacular gain at Orpington in 1962. Under Mr. Heath's Government the Liberals won five seats in by-elections and almost doubled their representation in Parliament. Under the last Labour Government, by contrast, they achieved only one by-election success.

As it happens Southend East, where a by-election takes place next Thursday is not regarded as Liberal territory. In the general election the Liberal candidate only barely saved his deposit. The party organisation was saying last week that it would be happy to win 25 per cent of the vote; this week it has advanced to saying that it would be very happy if it won 30 per cent. It would certainly be astonishing if it were to do any better.

Still, there were 81 seats in the general election where the Liberals came second, 79 of which were held by the Tories. It is a reasonable expectation that one or two of these will fall to the Liberals before the Government's term is out, and of course the party could achieve gains elsewhere, let alone a general increase in support.

Rather than simply rely on a rising trend, however, Mr. Steel is being both more and less ambitious. He is attracted by the idea of a new Centre Party, but of that more in a moment.

* * *

Meanwhile it is worth having a look at a few by-election statistics. By-elections are not what they used to be, at least in numbers. During the great Liberal Government of 1906-09 they averaged 25 a year, though that was in the days when a Member of Parliament had to stand for re-election on being appointed a Minister. Even during the Conservative Administration of 1959-64, the average was 15. During the last Labour Government the figure fell to six.

Yet if the incidence has declined, the chances of a seat changing hands when a by-election does take place have risen, certainly in comparison with the earlier post-war period. The Wilson Government of 1966-70 suffered a loss of 15 seats or, to put it another way, not far short of half the by-elections in that period led to a change in the party represented.

The Heath Government of 1970-74 did not fare dramatically better. The Conservatives lost about one third of the seats contested. And if the incidence of by-elections during the Labour Administration of 1974-1979 was smaller, it is still notable that such elections as did take place quickly produced a minority Government.

It is also quite striking, if you look at the accompanying table, that the percentage change of seats in by-elections in the period from 1966 onwards is not greatly different from what it was in the 1920s. In the 1920s we had a three party system, Liberals, Conservatives and Labour. Perhaps that is what we have today, or at least more than we think. The two party system, on which most of us have been brought up, may be a phenomenon of the earlier post-war period.

* * *

And so back to Mr. Steel. If the Liberals have 18 per cent of the vote shortly after the election of a Tory Government and their support is still rising, should they seek allies or should they go it alone? Mr. Steel is sorely tempted by the idea of an alliance.

It is still all very hypothetical, but the sort of development that the Liberal leader is fascinated by goes roughly as follows. Next year Mr. Roy Jenkins returns from Brussels, where he has been President of the European Commission, and fights a by-election. He may stand as a Social Democrat, as a founder member of the Radical Party of the Centre, or perhaps simply as a Jenkinsite: the nomenclature is not too important. The Liberals stand down, give him their support and see what happens, there being two reasons why they are attracted to him. One is his commitment to electoral reform, and the other is his name.

Yet there may be snags. Unless it were a highly unusual constituency, where (say) practically every voter read The Times, the chances of Mr. Jenkins winning much support against Tory and Labour candidates must be small. There is also the little matter of whether the prospective Liberal candidate could be persuaded to stand down, whatever Mr. Steel might wish. The whole question of seeking co-operation from allies has yet to be debated in the party as a whole, though Mr. Steel intends to raise it gradually over the next few months. No doubt it will figure prominently at the annual Liberal Assembly in the autumn, but not without opposition from the rank and file.

There is of course no great need to rush. Mr. Steel's calculations are based mainly not on what happens to the Labour Party this year, but next. He tends to divide that part of the Labour movement which attracts him into three groupings. The first is that which is more or less determined to leave. It consists of Mr. Jenkins and perhaps a handful of others, chiefly ex-MPs: Mr. David Marquand, for example. The second grouping is the one which wants to go on fighting from within, at least for the time being. It includes Mr. William Rodgers, who has certainly considered setting up a party of his own, and Mrs. Shirley Williams.

The third grouping is thought to be almost beyond reach. It is made up of those who believe that the future of the Labour Party will be all right, "provided I'm leader." Mr. Roy Hattersley and Dr. David Owen came to mind.

Anyway, the theory goes that it will be next year before anything much is decided. In the meantime there is no harm in planning for future co-operation or in dreaming dreams, as the case may be. At the very least, the speculation produces publicity, of which the Liberal Party at present feels sorely short. One suspects, however, that it also produces confusion. Party officials tell of frequently being accosted by supporters who ask: "When is Shirley coming over?" Perhaps Shirley is not.

Underestimated strength

There is the further point that the Liberals may be underestimating their own strength. They may be only the third party in British politics, but that is an awful lot more than the Tory and Labour dissidents put together. They could play a little bit harder to get.

* * *

For one's own part, one wishes that the Liberals, and indeed others, would pay rather more attention if not to detailed policies, then at least to producing a more liberal vision of society. Certainly the opportunity is there. Low growth, high choice, libertarian and even classless might be the mottoes.

Mr. Steel went some of the way to making the point when he spoke in the confidence debate last week. The control of the money supply, he suggested, was the only plank in the Government's economic policy. There ought to be others, such as wider ownership, participation, and the creation of smaller units of work. Sir Geoffrey Howe, the Chancellor of the Exchequer, took him up: "We shall need many of the measures that the leader of the Liberal Party mentioned for further co-operation in industry, and for the extension of profit-sharing."

* * *

The most interesting public development of all, however, came in a speech at the weekend by Mr. David Howell, the Secretary of State for Energy. Mr. Howell spoke of the "new capitalism," the end of the Morrisonian inheritance of the nationalised industries, a more widespread ownership of capital, a more varied pattern of financing, the diffusion of economic power and the creation of smaller economic units. As though in direct answer to Mr. Steel, he said: "It is this approach which must complement monetarism." The vision of a co-operative society begins to spring into view, though under a Tory banner.

According to this view, the most interesting battle in the Cabinet is not between the hawks and the doves: that, after all, is mainly about how fast the Tories should go. The real battle is between the hawks and the hawks. There are some who rely on traditional Tory scepticism and believe that controlling the money supply and a few marginal changes are enough: they do not want to bother very much with the structure of the economy. There are others who think that the structure should be fundamentally changed — quickly. Mr. Howell obviously belongs to the latter group and so, too, does Mr. John Nott, the Secretary of State for Trade, with his thoughts on "de-mergers" and deconcentration of industry.

There is clearly room for more argument, and who is to tell which way it will go? This is not a very decisive nor a very consistent Government. And, as Sir Keith Joseph, the Secretary of State for Industry, admitted on BBC Radio 4 on Wednesday evening, the historians will probably say that it lost the first six months; therefore the second six months are crucial.

But if I were a Liberal, I should be distinctly worried that the Tories may be about to steel the natural Liberal clothes, even before the Liberals have invented them. The real charge against the Liberals, and especially against Mr. Steel, is that they have become hooked on electoral reform and electoral pacts at the expense of thinking about society.

As for wider ownership, and the opportunities that could flow therefrom, we may well know more after the Budget on March 26.

Malcolm Rutherford

MEN AND MATTERS

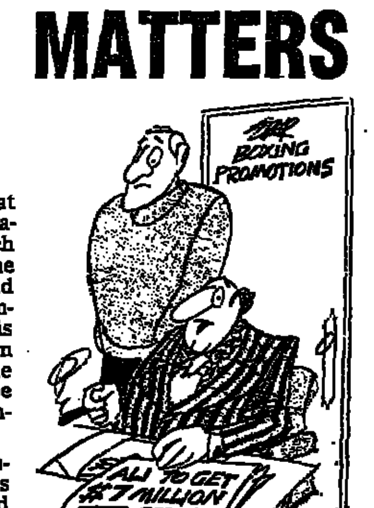
Taking a flyer on another Sunday

Newcomers to the cut-throat world of newspaper and magazine publishing are not much given to reticence, but the latest to join the ranks behind Goldsmith, Matthews et al maintains a profile so low that he is almost invisible. He is Jonathan de Vere Tyndall, who tells me that on June 1 he will be launching a new national Sunday newspaper.

Neither Tyndall, nor his company Random Publications, is listed in the phone book, and the number listed in the publishers' Bible, British Rate and Data, is "temporarily out of service." He can, however, be found under International Flyfisher, sister paper to the equally obscure International Yachtsman.

His new organ, a tabloid with an initial print order of 150,000 (guaranteed by a "sworn statement"), is to be called The Banner. "It will be a bit like what we are doing now," he tells me. "It will interest people who are interested in things like fishing, dogs and yachting. There will be an arts page but we are not into football." Polo and rowing results will, however, feature regularly. Tyndall, a 25-year-old Australian who came to Britain in 1971, says he is financed by his family, but goes back into his shell at requests for further detail: "I do not talk much about my family, mainly to protect their interests." Nor is he prepared to open up about the political flavour of the paper. "I would rather not talk about it at this stage. It is a very touchy matter which will formalise itself in the next few weeks." But he does admit to it being "right of centre."

This extraordinary publication for dog-loving, rightist sailors who enjoy polo, I had to confess, struck me as faintly odd. And why the one-off, quirky title? I ask. "I am a one-off type of person," says Tyndall.



"Ever feel like you have been stung by a butterfly?"

Flipping the coin

Sugar workers in St. Kitts — Nevis, a British associated state in the West Indies which gains full independence later this year, gained a 17 per cent wage increase in January after collective bargaining between their St. Kitts Nevis Trades and Labour Union (whose president is Lee Moore), and their employers, the St. Kitts-Nevis government (whose leader was the premier, the aforesaid Lee Moore). All was apparently happy and the reaping of the crop began on time.

In general elections on February 18, however, Moore's Labour Party lost power after 28 consecutive years in office and suddenly Moore was no longer head of the government but simply head of the union.

Dr. Kennedy Simmons, leader of the new two-party coalition government, immediately offered sugar workers an 8 per cent increase on top of the 17 per cent which their erstwhile premier had agreed to grant to his union when in office. It seemed a shrewd political move by the new government, which holds a one-seat majority in the House of Assembly.

Moore was nonplussed, but delivered a swift checkmate. No thank you, he told the new employers, 25 per cent would not be enough. His union now wants a 33 per cent hike. After all, Moore argued, the price of sugar on the world market had risen "dramatically and suddenly" since the earlier agreement, and the workers should share in it.

The latest position is that negotiations are continuing and both sides are following the international sugar market very closely, even if St. Kitts-Nevis only provides 40,000 tonnes towards it annually.

Rebel without gun

Zia Nassry Khan, self-styled ambassador-at-large for Afghanistan's rebels is none too happy with the Customs men at Heathrow. "They confiscated my Thompson semi-automatic . . . and 150 rounds of ammunition," he told me indignantly on the eve of his departure yesterday. The 33-year-old rebel, who happens to be a U.S. citizen, was held for several hours at the airport explaining the presence of this item which a po-faced man in a peaked cap found wrapped in a leotard in his baggage.

Sipping a consolatory, hardly-Islamic large scotch, he complained: "You people in the West simply do not understand the role of firearms in Afghan customs." British Customs, however, understand all too well the rules on importation of explosive hardware.

Nassry, traipsing around the world in search of funds to support an independent Islamic Republic he claims to have established in Afghanistan's no-man's land, confesses that he has not been overwhelmed with offers of either cash or hospitality. Denounced as a U.S. spy by the Russians, arrested by the Americans for fomenting riots and booted out of his base in Pakistan, he travels on in hope and should by now have landed—and be passing round the hat—in his next port of call, Tehran.

Jumbo sale

A very special kind of salesmanship is evidently required by London estate agent Leslie Lintott, which has been entrusted with the job of selling the late Paul Getty's mansion, Sutton Place.

With running costs of getting on for £500,000 a year, and no foreseeable planning permission for developing its 1,000 acres of meadow and farms, Sutton Place is an expensive snip at around £10m. Office space has been rigidly limited by the planners to two squat brick buildings nestling in the holly bushes, and the house — despite its use as a stopover for Getty Oil managers in transit — has rapidly become a corporate white elephant.

But Alan Leslie Lintott, who six years ago latched on to the property needs of the international oil companies, is undismayed, and has set his sights on corporations wanting prestige headquarters in Britain, pension funds, and what he calls "up to a hundred individuals in the world rich enough to afford it." This rather narrows the field, but Lintott says 31 interested parties have had a look around, and a handful have made serious offers.

Perhaps spoiled by the Californian sunshine, neither Getty chairman Harold Berg nor president Sidney Petersen have shown any inclination to follow in the footsteps of former residents Anne Boleyn and Zsa Zsa Gabor and move home and office to rural Surrey.

Figured out

Martian story from Manhattan: "Good to see a fellow Martian. What's your name?"

"237376. What's yours?"

"435278."

"Funny. You don't look Jewish."

Observer

INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION ● BY DAVID FISHLOCK

World nuclear consensus

THE International Nuclear Fuel Cycle Evaluation, biggest of many nuclear investigations during the 1970s and initiated by President Carter himself, ended in Vienna last week. INFCE—*Infchee*, as Americans call it—is dead. In the words of its chairman, Professor Abram Chayes, from Harvard Law School, its automatic destruction was pre-ordained. "One of the things I was very insistent about was that it should finish *in two years*." Yet the chances look good. Professor Chayes believes that the findings of INFCE will live on.

Two distinct views are being taken of its outcome. *For those*, when President Carter originally persuaded the other six heads of state gathered for the London economic summit in 1977 to participate, who saw it as an opportunity of arresting and perhaps even terminating nuclear technology, INFCE has been a big disappointment. It demonstrated decisively that the proliferation of nuclear weapons cannot be stopped by changing course technically. Proliferation is basically a political and not a technical problem. INFCE tossed the hot potato back into the hands of politicians who had sought to accuse their technical experts of going down the wrong path.

For those—and they would probably include almost all of those 46 Governments which participated directly in INFCE's fact-finding mission—who saw it from the outset as an educational exercise for the benefit of the U.S. Administration, it has been a success. Few would have *forecast even a few days before* the final plenary conference that the U.S. Government would accept its *main findings as frankly* as Ambassador Gerard Smith expressed it last week, while simultaneously acclaiming the whole thing a success.

Before INFCE, but after the Indian nuclear explosion of 1974 and the 1975 German-Brazilian treaty to export a nuclear fuel cycle in its entirety for the first time, there existed, to quote Mr. Smith, "a very wide range of perspectives and *insufficient mutual communication.*" The international nuclear industry was in some disarray. "Tensions were developing between suppliers and consumers, and there were widespread misunderstandings of each others' problems and concerns."

Worries in Washington that it could be losing the tight control it had tried to exercise over proliferation outside the Communist bloc since the end of World War II led it first to initiate the discussions in London between the main nuclear *supplier nations*. The "*London Club*" or Nuclear Suppliers Group, as this initially clandestine body became known, managed to agree upon some significant measures for tightening the terms under which nuclear equipment, processes and know-how would be supplied to other nations; and particularly to those which continued to refuse to sign the Non-Proliferation Treaty.

Tough line

But the new terms fell far short of those demanded by the Carter Administration in 1977. On the other hand, they had already aroused deep concern among Third World nations, which felt that the new terms were discriminatory. These terms would at best add a premium to the cost of nuclear power, and at worst would exclude them from its benefits. Neither, for them, does the Communist bloc hold more promise. The Soviet Union takes a very tough line on proliferation (all spent fuel must be returned to Russia) and treats developing countries' views contemptuously in this matter.

The Carter Administration—with initial support from two major uranium fuel suppliers, Canada and Australia—demanded terms which were not only highly discriminatory but which tried to forbid certain nuclear practices the Government has already banned in the U.S. It had defined as the root of all nuclear evil the separation of plutonium, by-product of all uranium-burning reactors, which was the explosive used in the Indian explosion. The U.S. forbade the manufacture of fuel based on plutonium for commercial reactors. Since the *most important* of these promised to be the fast "breeder" type of reactor, it banned—or tried to ban—development of the commercial fast reactor.

SPOT THE BREEDER

Net production of plutonium per 1,000 MW/year of reactor operation

Magnox	617 kg
Candu	493 kg
PWR	270 kg
AGR	173 kg
Fast	190 kg

Source: UKAEA estimates

President Carter saw INFCE as the way to provide technical justification for actions he had already taken, on the advice of his Arms Control and Disarmament experts. Other nations, such as Britain, were persuaded to join because they saw an opportunity of showing the U.S. Administration very conclusively where it was wrong.

The first real sign of admission that the U.S. Government was failing to make its case, and was prepared to be much more conciliatory, came in the summer of 1978. Dr. Joseph Nye, then the U.S. Government's chief spokesman on nuclear proliferation, came to London bearing an olive branch. The "accommodation" (his own word) he offered was that the U.S. would stop threatening to block the reprocessing of spent fuel originally processed by his government, which contractually it was entitled to do, if the nuclear industry would give up the idea of recycling plutonium through present-day reactors.

For some countries, France and Britain among them, this was easy to accept. They had always seen plutonium as best preserved, in the interests of fuel conservation, for the fast reactor. Many others, however, from West Germany and Japan to developing countries such as Brazil, saw the recycling of plutonium as at least some insurance against shortage of uranium for present day reactors.

One thing INFCE has demonstrated conclusively is that it need be no great sacrifice for any nation to abandon plans to recycle plutonium in present-day reactors. The saving in uranium is a mere 16 per cent. Offsetting this saving is a heavy expenditure in the tricky technology of plutonium fuel manufacture. *But for this price* a nation would be buying a significant piece of the *technology needed to make* a plutonium weapon, and might therefore be tempted to go further down that road.

On the other hand, INFCE also demonstrated conclusively that some nations with ambitious nuclear plans, but lacking the large uranium reserves of the U.S., are justified in developing the commercial fast reactor. Mr. Smith acknowledged this when he said: "There is no question that over the long term breeders could extend uranium resources in a dramatic way." Sir Hermann Bondi, for Britain, added in his address that, when its time came, "the contribution of the *fast reactor to conserving* uranium supplies will be the greatest of all the resource extenders." As Britain sees it, industrialised countries had a duty to themselves and to the developing countries to see that, as uranium grew more expensive, fast reactors were available to "take the pressure off uranium supplies."

INFCE has demonstrated that the U.S. was wrong to single out plutonium as the overriding proliferation risk; wrong even *to attempt to rank nuclear* technologies in order of their proliferation risk (not least because such a list would contain valuable clues for anyone actually seeking nuclear weapons). Uranium enrichment is just as big a risk as reprocessing and separated plutonium. But, to quote Bondi, "misapplication of the civil nuclear *fuel cycle* is not in our view the only, or even the most likely, route for a nation to follow if it wanted to develop nuclear weapons."

The French, who basically share Britain's views on plutonium, managed to muddy the *waters a little over the relative* risks of different uranium enrichment technologies. They *have never forgiven Britain for* their exclusion in the late 1960s from Urenco, the Anglo-German-Dutch gas centrifuge enrichment project. This has left them heavily committed to *the enormously energy intensive* gas diffusion route.

Safeguards

They argued that the failure of Dutch national security which led Pakistan to obtain secrets of centrifuge design and manufacture—industrial espionage, as the Dutch now admit—had exposed an inherent weakness in the proliferation resistance of the technology. On the contrary, the Urenco partners assert, their plants *with their very low inventories* of uranium are much easier to place under international *safeguards than the mammoth* plants of the French.

INFCE showed that in principle, and given the political will, safeguards can be tightened significantly to lessen present-day risks of proliferation. The price to be paid is in giving cast-iron assurances of supply. Never again should law-abiding nations find their energy supplies abruptly put at risk by the kind of unilateral action taken by the U.S. when it demanded *that all existing nuclear export* contracts be re-negotiated.

A remarkable consensus *emerged from Vienna last week* that the "prototype" of several new institutions needed both to *tighten safeguards* and to provide the assurances of supply could be the international plutonium storage scheme. Plutonium separated from spent nuclear fuel above a country's research and fast reactor requirements would be made the responsibility of the International Atomic Energy Agency.

The U.S. itself was keen on the idea—until the Carter Administration tried to proscribe plutonium. Now, to quote Mr. Smith, "the U.S. is prepared to work co-operatively for an effective international plutonium storage regime." A big question now is whether the Communist bloc—which already effectively operates its own plutonium storage scheme under Russian control—will come in. *Several Comecon* countries, including the Soviet Union itself, are participating in the *plutonium scheme taking shape* in Vienna. If it continues to make the progress of the past year, the "prototype" institution could be in place as early as 1982, with the stockpile of several tonnes of civil plutonium at Windscale designated as the first international plutonium store, and with IAEA "policemen" permanently on site to *authorise any release.*

A fresh factor to enter an already complicated equation in *the aftermath of INFCE* is an argument constructed by one of the most energetic of its 22 co-chairmen, Dr. Walter Marshall, deputy chairman of the UK Atomic Energy Authority, and Britain's most senior participant in the study. Briefly, it is a case for encouraging rather than trying to prohibit international trade in plutonium. To Dr. Marshall, the U.S. idea of storing spent fuel unreprocessed is "grotesque," not only in the way it wantonly wastes fuel but in the way it creates a "plutonium mine," the main defence of which—namely, its initially high radioactivity—weakens rapidly as the years pass.

Dr. Marshall believes that if a sufficiently generous world price is set for spent fuel, relating to its plutonium content, all but a handful of highly industrialised countries already developing fast reactors will prefer to sell, rather than undertake the cost, risk and difficulties of developing their own fast reactor. Thus by deliberately stimulating what has been stigmatised as "plutonium traffic," the nuclear industry could lessen the temptation for nations to misuse plutonium. Economic forces alone would suffice to confine plutonium mainly, perhaps even exclusively, for many years to come to those countries which are already nuclear weapon states—"exactly what a non-proliferation regime would seek to accomplish."

Professor Chayes, although delighted to get agreement for his final report from INFCE unqualified by minority reports—"though the right to have one was carefully preserved"—has no doubt that the next few months will be decisive in whether its success is enduring. INFCE, he says, has provided an agreed technical and analytic basis for the political debate.

But Sir Hermann Bondi, who led the UK delegation last week, points to one danger which may be asserting itself now that INFCE is over. It is that nuclear exporting countries may try as a sales line the claim that their technology is more proliferation-resistant than that of their competitors. Although INFCE itself affords no justification, the French have already tried this ploy in their efforts to sell enrichment technology to Australia.

Roger Taylor

Professor Abram Chayes: findings of INFCE will live on

Letters to the Editor

Microelectronic circuits

From the Managing Director, Prestwick Circuits

Sir,—The most important point John Marshall of Nascom Computers made on the Technical Page (March 4) and which needs strong underlining, is that the protective tariff for active microelectronic components of 17 per cent is maybe advantageous to one or two European companies, but is disadvantageous to the rest of the European (and certainly British) electronics companies.

British equipment manufacturers (including Nascom) find it much more expensive to develop and manufacture microelectronic equipment using the most advanced active devices from the U.S. or Japan than their competitors in those countries and as a result are immediately placed at a competitive disadvantage. Indeed it is certainly cheaper to buy U.S. origin equipment fully assembled and tested carrying about 6 per cent duty made up of components largely made and assembled in very low labour cost offshore assembly facilities. British manufacturers, accepting a social responsibility to their workforces, must use (better) labour at realistic wage levels and some components carrying 11 per cent more duty than their competitors.

It is most surprising that the EEC has found this is a good way of protecting its electronics industry against the rest of the world. It would be better to subsidise microelectronic manufacturers as the U.S. and Japanese do rather than penalise the whole of the rest of the electronics industry.

As to his allegation that naked, unassembled printed circuit boards can be obtained for 40 per cent of the British price it is clear that he either has incomplete information or he is not comparing like with like.

We sell printed circuit boards to the U.S. from Scotland at competitive prices there. A subsidiary of ours in Texas buys both locally and from us so we know what strictly comparative prices are. Yields in general in the U.S. do not appear to be significantly different from our own.

A study of the trading accounts of a number of U.S. printed circuit companies shows a remarkably similar cost structure to our own. Raw material costs are broadly the same as ours. Sales value per head on average in the U.S. printed circuit industry is only slightly ahead of the British industry while their investment per head appears to be somewhat less than the British. It is therefore difficult to see a 60 per cent difference in selling price, especially when raw materials usually represent — both here and in the U.S. — between 30 per cent and 40 per cent of the selling price.

I suggest that while Mr. Marshall and I may not agree about all the facts on printed circuit boards, he should be supported strongly by everyone who uses active microelectronic devices.

W. B. Miller,
Mosshill Industrial Estate,
Ayr, Scotland

PSBR and inflation

From Dr. M. Desai

Sir,—Permit me to recall that last October in these columns, I ventured the guess that the Government's policy would take years rather than months to yield fruits. The Chancellor's estimate of a decade before the economy is strong confirms this guess. What is not, however, yet appreciated in policy-making circles is that the large public sector in the British economy considerably complicates the relationship between money supply and inflation.

In an economy where goods and services are produced predominantly by private firms, the size of government deficit is an indicator of injection of extra purchasing power. In the UK, however, the public sector provides many goods and services whose prices depend on the element of subsidy. A cut in public sector borrowing requirement only shifts the onus of inflation on to these public sector corporations which provide these goods and services. Thus it is that council rents and rates, gas and electricity tariffs and the prices of transport have all gone up in face of a cut in PSBR. Every further cut will only exacerbate the rise in public sector goods prices. This will be so even without the added effect of higher indirect taxation, much favoured by the present government.

This would not matter if prices of privately produced goods were to fall just as quickly. This is not, however, very likely either. Some firms would go bankrupt without doubt. But those who stay in business would survive falling output and demand only by maintaining or raising prices. Falling output depresses labour productivity and hence even if wage demands were to moderate, unit labour costs may not fall. There are also higher interest charges to meet. What is more, when demand is shrinking, a firm can never be sure that cutting prices will yield higher revenue.

The link between PSBR and inflation is thus not a simple one. Certain cuts have inflationary consequences though others if imaginatively applied *may have healthy output effects.* It is when one ignores these complexities of a mixed economy that perverse results emerge.

(Dr.) Meghnad Desai
(Senior Lecturer),
The London School of Economics and Political Science,
Department of Economics,
Houghton Street, WC2.

A currency commission

From the Honorary Secretary, Economic Research Council

Sir,—I was interested to see Samuel Brittan's reference in the Lombard column (March 3) to the proposal for the establishment of an independent currency commission made by Mr. Peter Jay in April 1976. This idea had been put forward by leading economists over the past 200 years. For example, David Ricardo in the early 19th century wrote of the need for the appointment of a currency commission which should be a completely independent body. Robert Torrens gave support to Ricardo's plan which also commended itself to Sir Robert Peel. In the early part of this century Professor Irving Fisher of Yale University proposed a currency commission which should be empowered to issue the money of the nation, to regulate it in accordance with a legal criterion of stabilisation. In this country Professor Frederick Soddy, a Nobel prizeman whose contribution to monetary problems has never been fully recognised, argued for "a purely scientific statistical authority, analogous to the institutions charged with the control of weights and measures, but preferably directly under the Crown, to determine the rate at which new national money is to be issued in order to maintain the price-index of the main commodities invariable." There is no doubt that had these proposals been implemented, serious inflation would have been impossible.

It is worth recalling that when we went off the gold standard in 1931, an Exchange Equalisation Account was set up, charged with the main task of stabilising the external value of the £ sterling. Had the authorities then also set up a currency commission charged with maintaining the stability of the internal general price level, subsequent history would have been very different. The appointment of a currency commission, free from party political and other pressures would play an important part in preventing both inflation and deflation, from which we have suffered so grievously in the past 50 years.

Edward Holloway,
55, Park Lane, W1.

The banks' profits

From Mr. J. Harbord

Sir,—I must disagree with the opinion of your lobby staff (March 3) that directing banks' profits into particular kinds of investment or taxing them "would seem to be in direct contradiction to Conservative party policy."

Sir Keith Joseph has rightly pointed out to steel workers and other public sector employees that wage and salary rises should be related to increases in output and productivity. Thus I feel sure that he and his colleagues will agree that the windfall profits that the banks have made as a result of government action on interest rates should be taxed.

Clearly to allow the distribution of such profits would be inequitable as they are both unplanned and unearned. Moreover as they were not expected they can be taxed without raising the economic objection of disincentives.

The revenue raised by such a tax might profitably be used, wholly within the Tory tradition, on a socially stabilising activity such as retraining steel workers (on the German model) thereby reinforcing the organic unity of British society in a manner that would be understandable to Edmund Burke. It would also help to undermine the anti-enterprise culture that has grown up in Britain as a result of seeing the economic rewards in our society distributed on the basis of chance rather than attainment.

James Harbord.
256, Linnet Drive,
Chelmsford, Essex.

Fed up with forecasters

From Mr. D. Horler

Sir,—A quote from Mr. Kreamer's letter (March 3) has spurred me to write, ". . . the world isn't going to end tomorrow. You've been believing too many newspaper reports."

How right he is! If we believe every economic report like the one of March 3 then we really are in big trouble.

Economic forecasting has now become a national disease which is undermining our business performance and morale. I am convinced that our undoubtedly poor situation has been exacerbated by the "doom and gloom brigade" and I, for one, am fed up with the lot of them! They don't actually manufacture, fabricate, or sell anything but pontificate about us chaps that do. I don't need a battalion of back-scratching economists to tell me that 1980 is going to be a tough year. I knew that 12 months ago without their dubious help. We know that we have to face some harsh facts of economic life over the next few years, but there are enough people of goodwill around to enable us to face these difficulties.

"When times is 'ard" economists make for the hills, that is the lush hills of consultancy and Government departments, and others, misguided enough, rush to sit at the feet of these economic gurus. There must be an interesting correlation between GNP and the number of economists and accountants giving advice about GNP (in inverse proportion, no doubt)!

May I make a plea to real people who actually make things for a living? . . . Ignore them, they may go away!

D. B. Horler.
7, Dalewood, Harpenden, Herts.

Furness Withy

From Lord Cardross.

Sir, — I refer to the facetious first paragraph on the subject of the Furness Withy bid in Lex on February 14. The last sentence reads: "Both takeovers have been widely heralded in the past few days and make the City look a very shabby place." Surely there must be a misprint — for "shabby" read "profitable."

Cardross.
Newnham House, Newnham,
Basingstoke, Hants.

Solid foundations for future engineers

From the President, Institution of Engineering Designers

Sir,—The report of the committee of enquiry into the engineering profession—"Engineering our Future"—is another praiseworthy attempt to highlight the problems caused by the general lack of recognition of the essential part played by engineering in the economy and prosperity of the nation, and to offer means of solution in its recommendations. The report is to be commended for its appreciation of the present critical industrial situation, and for its long-term concepts of training and registration of engineers aimed at raising the standards of the profession and the engineering contribution to the nation's survival.

That technical competence and academic qualifications must be maintained and improved cannot be denied, and the proposals for the new B.Eng. and M.Eng. courses provide a solid and practical foundation for future engineers. Of more immediate and specific importance however, are the recommendations for the "continuing formation of engineers" which although directed at "registered engineers" provide a practical method of continued training not easily available at present to those mature practising engineers who are today responsible for shouldering the burden of applying new technology to the already complex functions of design and production.

Irrespective of the outcome of the registration recommendations, engineers, in particular those engaged in design, will be subjected to increasing pressures under the new proposals contained in the Health and Safety at Work and Product Liability Acts, while at the same time needing to keep in the forefront of advanced technologies.

The Finniston report outlines solutions for many of the long-term problems but does not place sufficient emphasis on today's priorities. The responsibility of design and development in today's world and the engineering and production of civil, industrial and consumer requirements is at present largely in the hands of "mature" engineers and designers, many of whom for various reasons may not possess the high academic qualifications which will be expected of the new "engineering authority." In its submission to the Finniston committee the Institution of Engineering Designers said "Greater emphasis must be paid to the non-degree engineering education area and mature industrial employees should be encouraged to undertake relevant part-time continuing education. Awards so obtained should be fully recognised by industrial and professional bodies, and some form of accrued creditation, similar to that applied by the Open University, should be adopted, accepted and recognised nationally."

Only by recognising the contribution made by these mature engineers and by making more facilities available for their continued education, will industry be able to bridge the gap in engineering generally, and particularly in the field of design engineering and development, until the new renaissance envisaged in the Finniston report materialises.

Whatever action the Government intends to take on the report, urgency is essential. The moment there is any improvement in the economic climate a "design bottleneck" will appear which the resources of this country will be unable to cope with unless drastic measures are taken now. There may well be many points of controversy in the Finniston document, but all those responsible for the "engineering dimension," including the Government, should move quickly on the points of agreement, namely that the training and retraining of designers and engineers be improved, and that "the regeneration of UK manufacturing competitiveness must be given overriding priority in national policies, with the emphasis on developing market-orientated engineering excellence in the products made by British industry and in the production of them."

T. E. Hemming.
Courtleigh, Westbury Leigh,
Westbury, Wilts.

Today's Events

GENERAL

UK: Mr. William Whitelaw, Home Secretary, gives inaugural Westward TV lecture on "Crime, the Public and the Media," College of St. Mark and St. John, Plymouth.

Sir Keith Joseph, Industry Secretary, visits Marconi Space and Defence Systems, ITW, and Lewmar Marine, Portsmouth.

Mr. David Howell, Energy Secretary, visits British Nuclear Fuels, Risley.

Mr. Norman Fowler, Transport Minister, speaks at Institution of Mechanical Engineers.

Scottish Labour Party conference opens, Perth.

Sir Peter Gadsden, Lord Mayor of London, lunches with chairman and Board of British Petroleum Company.

Overseas: Association of South-East Asian Nations and EEC Foreign Ministers sign economic co-operation agreement, Kuala Lumpur.

Mr. Roy Jenkins, European Commission president, meets Portuguese leaders, Lisbon.

First round of Parliamentary elections, Iran.

NATO senior experts discuss medium-range nuclear missiles, Brussels.

PARLIAMENTARY BUSINESS
Private Members' Bills.

COMPANY MEETINGS
Braid Group, Grosvenor Hotel, Chester, 12.15. Dawes Group, Neville House, Hagley Road, Birmingham, 10.30. Robert H. Lowe, The Roldone Mills, Congleton, Cheshire, 12. Record Ridgeway, Parkway Works, Kettlebridge Road, Sheffield, 3.30. Ruo Estates, Wrotham, Kent, 11.30.

COMPANY RESULTS
Final dividends: Ault and Wiborg Group, Bridgewater Estates. Derek Crouch. Interim dividend: George H. Scholes. Telefusion.

Plessey profits rise 7.6% after better third quarter

ALMOST ENTIRELY free of the industrial action that affected deliveries in the second quarter, sales of the Plessey Co. rose by *19 per cent to £192m in the third* quarter of 1979-80 and pre-tax profits jumped from £9.8m to £16m. This left taxable surplus for the nine months to December 31, 1979 up 7.6 per cent at £35.4m, on turnover 13 per cent higher at £526m.

Operating profits for the nine months increased by 31 per cent to £40m, reflecting stronger sales and an improvement in margins—up from 6.6 per cent to 7.6 per cent.

Strikes were estimated to have cost the group at least £5m in half-yearly profits, which fell to £19.4m (£23.1m). A large part of *the shortfall* however, was expected to be recovered by the year-end.

The major factor in the nine months profit increase was the upward trend in the trading position, which more than offset the £7.1m reduction to £2.4m in profits from associates following the disposal of the ICL holding in January, 1979.

The improvement arose in the UK with a better performance by the majority of trading companies. There was also a surplus *of £1.9m on property disposals.* Profits of overseas companies in currency terms were similar to last year, but due to the strength *of sterling,* were reduced on translation by £1.3m. Exports showed a decline over the nine months.

Significant recent developments include the disposal of the Garrard business which, with the sale of two smaller subsidiaries, accounted for extraordinary costs of £4.5m in the nine months. Other important developments were *the establishment of the* solid state division, and the formation of Signal Technology jointly with Anderson Group of the U.S.

Stated earnings per 50p share, before extraordinary items, rose from 2.82p to 4.44p in the third quarter giving a nine months figure of 9.57p against 8.93p. The net interim dividend is stepped up from 2.662p to 2.928p per share — last time, the total was 6.307p on pre-tax profits of £48.1m.

	Nine months 1979 £000	1978 £000
Sales	525,600	464,800
Telecomms*	204,400	176,400
Electronic systs. & equipment	152,300	127,700
Elect. components	83,400	68,500
Hydraulics, aero-space, engrg.	79,100	76,100
Consumer elects.	6,400	16,100
Trading profits	56,696	46,334
Depreciation	16,703	15,880
Operating profits	39,993	30,454
Telecoms.†	14,914	13,184
Elect. systems & equipment	9,523	10,492
Elect. components	7,854	5,769
Hydraulics, aero-space, engrg.	8,526	4,136
Consmr. elects. loss	824	3,127
Associates share	2,431	9,559
Interest receivable	1,679	1,291
Interest payable	8,661	8,359
Profit before tax	35,442	32,945
Tax	11,850	11,000
Net profit	23,592	21,945
To minorities	883	824
Earnings	22,709	21,121

* Main exchanges and transmission £120,400 (£107,400); office, data and control systems £84,000 (£69,000).
† Main exchanges and transmission £7,452 (£6,976); office data and control systems £7,462 (£6,208).

The general business outlook for the group continues to improve with its order book in excess of £1bn compared with £0.8bn a year earlier. Most of the growth arises at home, with exports held back by the strength of sterling and making up £350m of the current order book against £323m last time.

The group says it has no chronic loss makers, although there are two trouble spots in Portugal and Brazil — over the nine months, pre-tax losses of £0.66m and £1m were incurred in Portugal and Brazil respectively. Mr. Peter Marshall, finance director, says Plessey is not happy with the present situation and is actively negotiating with governments and other parties to resolve the problems.

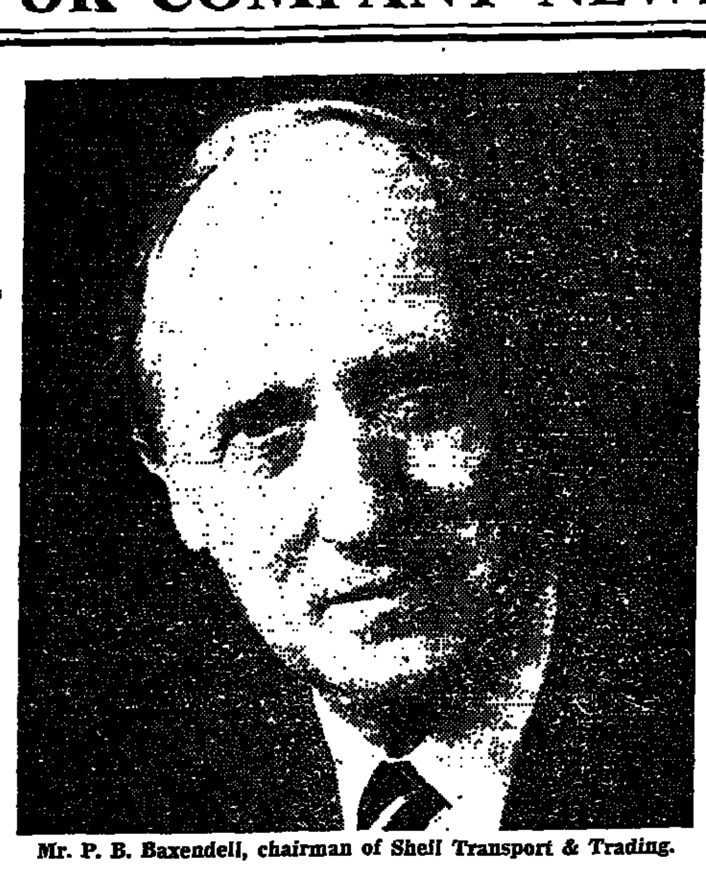
Helped by the £33m sale of ICL shares, world-wide borrowings are down by £30m compared with a year ago.

The aerospace division has a particularly solid order book and there has also been considerable growth in orders on the home military side. In telecommunications, the accelerated System X *installation programme is making* a modest contribution.

See Lex

HIGHLIGHTS

Lex looks at the latest figures from Royal Dutch/Shell where stripping out stock and currency charges leaves net income for the group at £1.6bn against £1.3bn. There is some *deterioration of downstream margins in the last quarter of 1979.* Plessey has staged a very strong third quarter after strikes and disruptions had hampered the earlier months. The company is still showing a strong order book. Lex also looks at the controversial bid for the Norwest Holst minority. Finally Lex looks at the official figures which suggest a rapid decline in company liquidity in the last quarter of last year. On the company pages the downturn at Corah comes in for comment as does the decline at Staffordshire Potteries. On the plus side some better results from Mitchell Cotts and W. N. Sharpe.



Mr. P. B. Baxendell, chairman of Shell Transport & Trading.

Mitchell Cotts up 12% midway to £2.9m

RESULTING LARGELY from a better first half in South Africa, pre-tax profits of Mitchell Cotts Group increased 12 per cent from £2.67m to £2.98m in the six months to December 31, 1979. Turnover was up from £125.2m to £128.74m.

Interest charged amounted to £2.16m against £1.99m, and tax absorbed £1.61m (£1.46m). The sale of a company in the UK realised extrordinary profits of £774,000 (£339,000), and net attributable profit was up from £1.33m to £1.71m.

Stated earnings per 25p share are 1.74p against 1.85p, and an unchanged net interim dividend *of 0.65625p has been declared*—last year's total was 3.61125p from pre-tax profits of £7.16m. Dividends take £367,000 (£366,000).

Mr. P. P. Dunkley, the chairman, says that, helped by the acquisition in South Africa of the Clifford Harris Group, the trend to higher profits is expected to continue into the second half, despite reduced contributions from East Africa and a continuing shortage of mining engineering projects.

● **comment**

Yesterday's figures from Mitchell Cotts did little to dent the group's recently acquired reputation as a recovery stock, even though the star turn of the performance—South Africa—was announced last month. This produced a 63 per cent profits increase in rand terms which *accounts for the sharply higher* minorities charge. East African tea, which suffered from both a drought and a softness in world prices, was the main drag on earnings while because of the engineering strike the UK only held its own. The higher interest charge shows the problems that Mitchell Cotts is encountering in staging a re*covery. The increase in rates* more than compensated for the £6.5m which the group realised through a warehouse sale last year. Some of these headaches will persist in the second half and not too much should be expected from the consolidation of the Rhodesian profits and assets. Yet the rise in metal prices should soon be translated into mining engineering orders and project engineering is also showing signs of an upturn. Over the longer term, the Ugandan tea estates are an important attrac*tion. Profits for the year of £8m* look feasible, with the new South African acquisition offsetting generally duller figures in the region. On this basis, with the shares unchanged at 47p yesterday, the fully-taxed p/e (excluding extraordinary items) works out at around 8.7. A maintained final would produce a satisfactory yield of 11.1 per cent.

R. Dutch/Shell expands net income to £3bn

A FINAL quarter net income of *£1bn against £399m* has lifted the total of the Royal Dutch/Shell group of companies from £1.09bn to £3.05bn for the whole of 1979.

At six months net income had risen from £394m to £1.33bn.

Disregarding the effects of the FIFO inventory accounting method and the impact of cur*rency translations, net income* increased by some 31 per cent over 1978, the directors state.

Using FIFO net income was some £1.12bn higher for the year compared with what it would have been had an inventory method been in use throughout the group, which more closely matched costs against revenues, *such as LIFO.* The effect in 1978 was the reverse, being a reduction of about £145m.

	1979 £m	1978 £m
Revenues:		
Sales proceeds	34,830	29,212
Sales taxes, levies	6,830	6,267
Leaving	28,000	22,945
Other revenues	768	627
Share of assocs.	559	307
Interest income	319	236
Making	29,646	24,115
Costs & Expenses:		
Purchases and operating	19,697	16,877
Selling general admin.	375	338
Exploration	375	338
Research & devlpt.	189	178
Depreciation, etc.	879	721
Interest expense	358	350
Tax on income	2,591	1,963
To minorities	223	185
Making	26,595	23,029
Net income	3,051	1,086

The impact of variations in exchange rates on stocks sold and monetary items showed a gain for 1979 of £176m (£108m *loss), after a final quarter gain* of £219m (£55m gain).

Sales proceeds, less sales taxes, excise duties and similar levies were £8.12bn (£6.13bn) in the final quarter giving £28bn at fulltime, compared with £22.95m.

Net income per 25p share and Fl 20 Royal Dutch share was 112.19p (37.17p) and Fl 58.98 (Fl 20.8) respectively.

Crude oil supply in 1979 was 4.56m (4.71m) barrels daily, crude oil processed 4.22m (4.24m) barrels daily.

Total oil sales were 5.21m barrels against 5.5m previously, and natural gas sales were 6.52bn (6.44m) cubic feet daily.

Chemical sales proceeds amounted to £3.11bn compared with £2.41bn in 1978.

Working capital rose by £1.13bn as a result of higher prices and significantly reduced credit terms from crude oil suppliers, the directors explain.

Capital and exploration expenditure amounted to £4.43bn, of which some 74 per cent was spent in the search for and development of oil and natural gas resources. Included is £1.68bn for the major acquisition by Shell Oil Company, of Belridge Ooil Co., of the U.S.

Shell dividend for the year is effectively lifted to 19.812p (8.768p) net per share with a final of 11.533p which includes a special 1.054p representing the final settlement of overspill relief. Holders also received *29.337p during the year being* their entitlement deferred due to dividend restraint.

Royal Dutch dividend is increased from Fl 10.75 to Fl 12.25 with a final of Fl 6.75.

Oil product prices in most *markets* increased sufficiently to recover the greater part of the substantial rise in crude oil costs, except to the extent of the considerable retroactive crude cost increases which were imposed by some producer governments in the final quarter.

The emphasis given to the manufacture and sale of upgraded oil products continued to *make an important contribution* during the year. Oil production operations benefited from the increased crude oil prices and following many years of heavy investment, there was an added benefit from higher North Sea production, the directors state.

Outside North America, sales volumes of natural gas were 1 per cent up on 1978. Higher sales volumes and prices resulted in markedly improved chemicals earnings despite a sharp rise in feedstock costs. These increased earnings are welcome, directors say, following a number of years of disappointing results.

Metals earnings benefited from better trading conditions in the non-ferrous sectors.

Coal activities continued to expand during 1979, but the financial results still reflect the costs associated with establishing a fully integrated international coal business.

Shell Oil Company reported 36 per cent higher dollar earnings due largely to increased earnings from oil and natural gas production operations which benefited from higher prices.

Earnings from chemicals operations also improved. Shell Canada's dollar earnings increased 62 per cent over 1978, largely the result of improved *oil products and chemicals* margins, as well as higher sales volumes in all sectors.

Long-term debt, including centralised lease *obligations,* was £4.28bn at the end of 1979, representing 26.7 per cent of total capital employed compared with 26.2 per cent at the end of 1978. Included in the 1979 figure is an amount of £1.35bn of long-term *debt arising in Shell Oil Com*pany for the acquisition of Belridge Oil Company.

Royal Dutch/Shell report and accounts, due on April 18, have been qualified because the group has not complied with SSAU 15.

See Lex

Staffs Potteries falls midway but improves U.S. market share

A CONTINUING recession in demand for housewares and giftware products in Europe and the UK, coupled with substantial increases in costs have reduced pre-tax profits of Staffordshire Potteries (Holdings) to £305,000 in the six months to December 31, 1979, compared with £458,000.

For the last full year, profits were slightly lower at £1.24m (£1.25m) after making up much of the ground lost through bad weather and external industrial disputes.

Turnover for the six months advanced from £5.76m to £7.08m, but margins were adversely affected by higher costs of materials, services and borrowing.

The interest charge is more than doubled at £270,000 (£109,000), and Mr. Bill Bowers, *the chairman, says the high level* of rates now prevailing has persuaded the board to postpone additional planned capital investment.

He adds that in contrast with the home and European markets, sales in North America advanced by 60 per cent in the first half, following two years' intensive market development and despite *unfavourable* exchange rates and escalating domestic inflation.

After lower tax of £27,000 (£31,000), extraordinary debits of £3,000 (£40,000) and minorities' profit £1,000 (£5,000 loss), the attributable surplus emerges at £274,000 against £392,000.

The interim dividend, maintained at 1.13p, absorbs £63,000. A final of 3.87p was paid last *year.*

Taunton Vale Industries, which was acquired in October, 1979, is trading profitably, the chairman reports, and considerable further benefits will begin to accrue in the second half.

The board is encouraged by the level of orders, particularly *for new products,* in the early weeks of 1980, and will continue *the drive to expand the company's* market share for Kilncraft products.

Stated earnings per 25p share *are 4.92p (7.66p).*

● **comment**

Set against the generally depressing tone of the pottery sector, *Staffordshire Potteries'* halfway figures are not at all bad. Profits are 32 per cent down, compared with an 84 per cent drop reported by Denbyware in its January interim figures, and substantial recent losses at Maddock. The key difficulty is the *strength of sterling. It squeezes* margins in the important European and North American markets, and since raw materials are *indigenous,* there are no corresponding import savings. In fact, clay prices have moved up by a quarter since the end of price controls. Gas, which can account for a tenth of production costs, has moved up 38 per cent in the last year. Staffordshire is happy with its Taunton Vale acquisition, which probably contributed £25,000 to profits: but the costs *of the resultant 60 per cent gear*ing are high. If Staffordshire can hold profits to a comparable shortfall in the second half, a *full-year out-turn of £824,000 in*dicates a prospective fully-taxed p/e of 11.4. Yield over the last twelve months' payments is 9 per cent.

Davies & Metcalfe setback

A TURNROUND of £368,122 to a loss of £143,134 in the second half has left Davies and Metcalfe, mechanical and electrical en*gineer, with pre-tax profits of* £80,752 for 1979, compared with a record £474,248.

The directors say that results were seriously affected by last year's engineering strike.

Orders in hand currently stand at a satisfactory level.

On capital increased by the one-for-five rights issue, the dividend is stepped up to 1.34p *(0.726p)* net per 10p share, as forecast, with a final payment of 0.89p.

After a tax credit of £46,196 *(£147,505 charge), profit came* out at £126,948, against £326,743.

Deferred tax provision not required amounted to £117,332 (£24,252).

SHARE STAKES

Vantona Group—The holding of J. I. Menaged, director, has been reduced by 50,000 ordinary. He now holds 1,656,140 ordinary *(7.7 per cent).*

Macfarlane Group (Clansman)—H. R. Macfarlane holds 750,000 shares (over 5 per cent).

Greenfields Leisure improves despite second half downturn

DESPITE A downturn of £67,000 in the second half, pre-tax profits of Greenfields Leisure increased from £1m to £1.05m in the year to October 31, 1979. In the first half pre-tax profits were £438,000 against £326,000. *For the full year turnover was* substantially higher at £16.59m against £11.63m.

The retailer and wholesaler of Leisure Wear and camping equipment group is increasing its final dividend from 1.30799p to 1.31p, making the total 2.15p—an increase of 11.1 per cent on last year's total of 1.93449p.

A property revaluation by the group's estates department reveals a figure exceeding £7m, which is £4m more than the book value. Taking this into account, the net assets are £8.4m, which is equivalent to a value of 80p per 10p share. Stated earnings per share are shown as 8.89p against 7.84p.

Mr. Richard Greenfield, the chairman, says the results for the year are creditable in view of the difficult economic conditions and the VAT increase, which came in during the second half at the height of the summer selling season.

Commenting on the current year, he says that retail trading *in the UK high streets has yet* to recover, but the company is taking its full share of the money being spent. I. and M. Steiner, the wholesale division, continues to do well at the present time with its ranges of camping equipment, cycle and motorcycle accessories.

Dividends for the year absorb £319,000 (£242,000) and group profit retained is £1.05m against £631,000.

	1979 £000	1978 £000
Turnover	16,589	11,625
Profit before tax	1,048	1,003
Tax	8	130
Profit after tax	1,040	873
Extraord. credit	332	—
Ord. dividends	230	207
Pref. dividends	89	35
Retained	1,053	631

SPAIN

March 6	Price %	+ or −
Banco Bilbao	226	
Banco Central	256	
Banco Exterior	213	
Banco Hispano	225	
Banco Ind. Cat.	135	
Banco Madrid	156	
Banco Santander	272	
Banco Urquijo	174	
Banco Vizcaya	236	
Banco Zaragoza	209	
Dragados	100	−2
Espanola Zinc	59	
Fecsa	57.2	
Gal. Preciados	34	−1
Hidrola	63.5	−0.5
Iberduero	59.7	−0.3
Petroleos	106.5	−2.5
Petroliber	63	
Sogefisa	113	
Telefonica	54.5	−0.7
Union Elect.	62.7	−0.3

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Corah	1.65	—	1.17	2.9	2.07
Davies and Metcalfe	†0.89	April 22	0.48	1.34	0.73
Family Investment	3.55	May 8	2.85	5.55	4.6
Galliford Brindley ...int.	1.13	April 2	1.13	—	4.13
Greenfields Leisure	1.31	April 29	1.31	2.15	1.93
Hunt and Moscrop ...int.	0.36	—	0.36	—	0.9
Law Debenture Corp.	4.5	April 19	3.5	6.5	5.25
Luvana Tea and Rubber	12	April 25	10	17	10
Mitchell Cotts ...int.	0.66	May 12	0.66	—	3.61
Needlers	2.5	May 2	2.01	2.5	2.01
Plessey ...int.	2.93	July 1	2.66	—	6.31
Royal Dutch**	6.75	—	5.75	12.25	10.75
W. N. Sharpe	3.5	April 25	2.72	6	‡4.65
Shell Transport	11.53	May 22	*3.49	‖19.81	*8.77
Staffs Potteries ...int.	1.13	April 10	1.13	—	5
Stocklake Hldgs ...int.	0.85	April 3	0.85	—	3.27
Trans-Oceanic Trst. int.	§2.5	May 7	2	—	¶7.48

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring dividend of 0.1218p. § Reduces disparity between interim and final payments. ¶ Included non-recurring dividend of 1.28p. ‖ Includes 1.054p from overspill relief. Holders also received payments totalling 29.337p being entitlement due to restraint.
** Gross Dutch florins throughout.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AKZ C	F.25	70	0.90	22	1.30	—	—	F.24.50
AKZ C	F.27.50	—	—	13	0.80	50	0.80	"
AKZ C	F.30	25	0.10	65	0.30	—	—	"
AKZ P	F.22.50	5	0.40	—	—	—	—	"
AKZ P	F.25	45	1.30	—	—	—	—	"
AKZ P	F.27.50	—	—	21	4	—	—	"
EK C	$50	—	—	10	[illegible]	—	—	[illegible]
HEI C	F.65	10	2.30	14	3.70	—	—	[illegible]
HEI C	F.70	31	0.80	—	—	—	—	"
HEI P	F.65	8	2.80	—	—	—	—	"
KLM C	F.70	5	3.50	3	6.40	1	6.50	[illegible]
KLM C	F.80	9	0.10	3	0.70	—	—	"
KLM P	F.70	8	4.90	—	—	—	—	"
NN C	F.110	1	4.50	—	—	—	—	F.110.60
NN P	F.110	—	—	5	2.50	10	3	"
PET C	Fr.6000	2	100	1	210	—	—	Fr.5810
PHI C	F.17.50	—	—	—	—	10	2.80	F.18.90
PHI C	F.20	—	—	23	0.90	25	1.30	"
PHI C	F.22.50	33	0.20	55	0.40	5	0.70	"
PHI P	F.25	[illegible]	[illegible]	—	—	—	—	"
RD C	F.140	5	32.50	—	—	—	—	F170
RD C	F.150	8	23.20	25	23.50	—	—	"
RD C	F.160	124	12.80	195	14.50	3	17.60	"
RD C	F.170	389	5.80	337	8.20	14	10.50	"
RD P	F.160	27	0.50	10	2.70	—	—	"
RD P	F.170	92	[illegible]	[illegible]	[illegible]	—	—	"
UNI C	F.110	—	—	50	10.50	10	13.80	F112.60
UNI C	F.115	14	[illegible]	—	—	—	—	"
UNI C	F.120	10	[illegible]	—	—	1	6.70	"
UNI P	F.110	40	1.90	5	3.90	—	—	"
XRX C	$70	—	—	10	[illegible]	—	—	[illegible]

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
BA C	$60	20	[illegible]	20	[illegible]	—	—	[illegible]
MMW C	DM.130	5	—	5	6.60	—	—	DM135
MMW C	DM.140	5	3.70	—	—	5	6.30	"
SIE C	DM.270	3	4.80	5	11.80	—	—	DM267.50
SIE C	DM.280	—	—	—	—	—	—	"
SLB C	$110	1	8	—	—	—	—	$110
SLB C	$120	1	3	—	—	—	—	"
VEB C	DM160	7	4.60	5	8.70	15	6.60	DM158
VEB C	DM.170	—	—	3	13.20	—	—	"
VW C	DM.180	—	—	—	—	—	—	DM188

TOTAL VOLUME IN CONTRACTS 2029

C=Call P=Put

W. Sharpe £4m but orders fall

PRE-TAX PROFITS of W. N. Sharpe Holdings, manufacturer and publisher of greetings cards, improved by £265,000 in the second half against the first half's figures, despite a forecast that slower growth could be expected.

The pre-tax surplus for the year to December 31, 1979, increased from £3.7m to £4.4m from turnover up from £10.6m to £13.25m. The surplus includes gross income from investments £438,645 (£443,157). Tax charged was £2.3m (£1.9m). Last time there was an extraordinary item of £923,860 against nil this time.

The final dividend is increased from 2.7202p to 3.5p making a total of 6p against 4.64825p which includes a special non-recurring dividend of 0.1218p. Stated earnings per 25p share are up from 25.6p to 28.9p.

Mr. N. H. Sharpe, the chairman, says in his statement that the current year's trading so far shows a satisfactory increase in despatches to customers, but orders on hand are less than the previous year's exceptional levels.

• comment

On stated earnings Sharpe's p/e of 7.9 and yield of 3.8 per cent adequately reflects the uncertain outlook for manufacturers of greeting cards. After a period of exceptionally buoyant trading the past three months have shown a distinct downturn because customers are having trouble in financing stocks. As a result, the order book has contracted, albeit to a more normal level and profits growth in real terms will clearly be more difficult to achieve this year. However, Sharpe has a strong balance sheet and is thus well placed to deal with any short-term difficulties.

Expansion at Law Debenture

Net pre-tax revenue of Law Debenture Corporation improved from £1.06m to £1.47m in the year to December 31, 1979 and the dividend is lifted from 5.25p to 6.5p with a final of 4.5p.

Gross income went ahead from £1.56m ot £2.02m. After tax of £533,648 (£424,929) there is an attributable surplus of £943,569 (683,550) which includes non-recurring dividends of £111,531 resulting from the lifting of restraints.

Net asset value per 25p share, based on a valuation of quoted investments at middle market value and unquoted investments at the directors' valuation, is 132.6p (126.6p). This takes no account of any tax liability in the event of realisation.

The transfer of £183,994 to revenue reserves is thought prudent by the directors in view of the desirability of maintaining a progressive dividend policy against a background of possible fluctuations in the future flow of both investment and trustee fee income.

Galliford held back

THE ANTICIPATED squeeze on margins at Galliford Brindley has resulted in pre-tax profits only slightly higher at £1.29m against £1.23m for the half year ended December 31, 1979, despite a 29 per cent increase in turnover to £30.41m.

Demand from some sectors of the industry is poor, and together with a disappointing performance from certain subsidiaries of this building, development, civil engineering and plant hire group, forecasting for the full year is particularly difficult, the directors state.

They anticipate, however, a satisfactory result for 1979-80—profits for the whole of last year were a record £2.9m.

Pre-tax figure for the six months was struck after depreciation up from £565,000 to £663,000, and was subject to tax of £517,000, compared with £566,000.

Earnings per 5p share are shown as 6.09p (5.51p) and the net interim dividend is unchanged at 1.125p—last year's final payment was 3p.

	First half 1979 £000	1978 £000
Turnover	30,407	23,574
Depreciation	663	565
Pre-tax profit	1,288	1,231
Tax	517	566
Net profit	771	665

NEW LOOK FOR J. HEPWORTH

J. Hepworth and Son, the Leeds-based menswear group, has split the responsibilities of retailing and production previously carried out under the name of Hepworths, by launching two new companies within the group.

They are Hepworth (Retail), which will carry out all the retailing activities of the group in its 360 High Street branches, and Ardetta, which will undertake all the activities of the former production division of Hepworths.

Ardetta is a manufacturing company in its own right and will produce clothes for Hepworth (Retail), as well as ranges of merchandise for sale outside Hepworth shops.

VAT rise hits Needlers

DUE MAINLY to last year's VAT increase, which led to a fall in sales volume, taxable profits of Needlers, confectionary manufacturer, were down from £417,261 to £360,653 for 1979—comparative figure included an extrordinary credit of £10,565.

Turnover was £6.18m against £5.71m.

At the interim stage profits had slipped to £134,829 (£168,700) and the directors said they did not expect the full year's figure to reach that of 1978.

They now say that trading conditions during the current year will be difficult, and an increase in profits over 1979 is not expected.

A major capital investment plan is under way to up date the company's main production areas. This will reduce profit in the short term, but current plans indicate that results will be seen in profits by 1982.

After tax charge of £19,012, compared with £22,000, earnings are sown as 16.7p (18.8p) per 25p share and the dividend is increased to 2.5p (2.01p) net—waivers total £12,281 (£9,946).

YORKGREEN INVS. WELL AHEAD

Turnover of Yorkgreen Investments, the lighting and building products concern, doubled from £179,062 to £359,085 for the six months to October 31, 1979 and pre-tax profits rose sharply from £25,700 to £57,588.

There is no tax charge, against £696 last time, and stated earnings per 10p share improved from 0.82p to 0.9p.

Trading at the company's subsidiary, Interlite Linear Controls has continued to be satisfactory. Comparative figures include Interlite's results which was a 50 per cent owned associate until October 30, 1978.

For the previous full year, pre-tax profits reached £93,248 from which a single dividend of 0.4375p net was paid.

MONKS INV. TRUST BORROWS £3.5M

The Monks Investment Trust has borrowed £3.5m from the Royal Bank of Scotland on a floating rate basis for up to five years.

Whittingham optimistic but foresees problems

WHILE it would be unrealistic to expect that the dramatic increases in profitability of the last two years at William Whittingham (Holdings) will be repeated proportionately, the improvement in the current year can be expected to exceed the rate of inflation, says Mr. John Wardle, chairman, in his annual report.

But he warns that the house building industry has had a good run over the last two years, and a number of factors suggest the short and medium term future will be much more difficult.

The photograph processing industry faces certain difficulties too, he adds, arising principally from the colossal increase in the price of silver.

As reported on February 15, taxable profits of the group jumped from £1.25m to £2.21m in the year to October 31, 1979. The surplus from photographic processing surged from £464,000 to £1.04m, while the development and property division advanced to £1.69m (£1.09m).

The increase in fixed assets from £1.69m to £2.88m, says the chairman, very largely represents a planned expansion of photographic processing capacity.

Current assets at the balance date were £19.09m (£11.28m), including bank balances of £2.4m (£1.02m). Current liabilities totalled £15.11m (£7.8m), with bank overdrafts increased from £1.16m to £5.31m. Working capital increased by £2.96m (£1.07m decrease).

Meeting, Metropole Hotel, NEC Birmingham, April 2 at noon.

N. SEA ASSETS REPAYS $5M LOAN

Following the end of exchange control regulations North Sea Assets has repaid $5m of foreign currency loans being the portfolio investment loan and direct investment loan, both of which were available to the company until March, 1984.

Coats Patons Australia improves

Reflecting the benefits of a continuing rationalisation programme, profits of Bond Coats Patons, the 54 per cent owned Australian subsidiary of UK textiles group Coats Paton, expanded 23 per cent to A$11.29m last year against A$9.27m.

The programme of modernisation and rationalisation of facilities continues to generate significant benefits, say the directors, but the prospect of continuing inflation was a concern and conservation of funds would become more important.

Sales improved from A$117m to A$126m, and the dividend is maintained at 19.5 cents. Stated earnings per share are up from 31.4 cents to 38.3 cents.

Lunuva up and lifts dividend 70%

Taxable profits of Lunuva (Ceylon) Tea and Rubber Estates went ahead from £152,757 to £222,078 in the year to December 31, 1979.

The dividend is increased to 17p with a final of 12p, compared with last year's single payment of 10p.

After tax of £75,907 (£58,756), earnings per £1 share are shown as 17.12p (11.1p).

Grand Met sells 5 London hotels

Grand Metropolitan, the leisure group, has sold five London hotels for around £10m. The buyer is *Chrysantha*, a private company which already owns three London hotels.

The hotels concerned are the Rubens, Rembrandt, Green Park, Mostyn, and Pastoria, totalling around 670 rooms. Four of the hotels are on short leases of between 26 and 35 years. The Pastoria is freehold. They are towards the bottom of Grand Met's range, and the company *believes that it would be un*economical to refurbish them.

Chrysantha, which bought the hotels for cash through solicitor Brett Packman, will take over their management at the end of April. The company has been in London hotels for eight years, owning the Regency, Vanderbilt and Regency Suite, and is thought to have further expansion plans in the same area.

Current year profits at Grand Met are "unlikely to show the same rate of improvement as in past years," chairman Mr. Maxwell Joseph told the annual meeting yesterday. He blamed the slowdown on "outrageous" interest rates, lower consumer spending, and excise duties.

Grand Met, which includes the Watney Mann and Truman brewing chain and Express Dairies, turned in a 1978-79 pre-tax profit of £136m, a 20 per cent improvement over the previous year. External sales totalled £2.2bn.

Sales for the first quarter of the current year have been substantially increased, said Mr. Joseph, and may total around £2.5bn for the year.

Mr. Joseph told shareholders the group will spend around £150m in the coming year on extending and improving its assets. It will continue to buy long leaseholds and freeholds where available on its trading sites because "we prefer high temporary interest rates to suffering increasingly high rentals," he said.

Mr. Narby lifts stake in Furness

Mr. Frank Narby, the shipping entrepreneur, has lifted his stake in Furness Withy, the UK shipping group, to 10.14 per cent with the purchase of a further 146,250 shares at 390p each through his family investment vehicle, Dolphin Investments.

Also increasing its stake in Furness Withy, for which C. Y. Tung of Hong Kong has bid £96.5m in cash, has been Helix Investments, essentially the interests of the Webster family of Canada, which now owns 3.46 per cent.

Mr. Narby said earlier this week that he had no present intention of bidding for Furness Withy.

BIDS AND DEALS

Two majority holders agree offer for Norwest

BY MICHAEL CASSELL

TWO MAJORITY shareholders in Norwest Holst, the building and civil engineering group, have made an agreed bid for the outstanding 43 per cent of ordinary shares which they do not already own.

The company announced yesterday that the board of Norwest had agreed with fellow directors Mr. Arthur Lilley and Mr. Raymond Slater — the majority shareholders — to an offer from Wexcourt, a new subsidiary of Dunham Mount, the private company controlled by the two men. The deal is also being recommended by Norwest's financial advisers, N. M. Rothschild.

The offer values the group at around £13.3m against net assets standing at £14.7m (equivalent to 155.9p per ordinary share). *For every 20 fully paid, 25p ordinary shares,* Wexcourt is offering twenty-one 11½ per cent redeemable cumulative preference shares 1986 of £1 each.

A condition of the offer is that listing is obtained for the Wexcourt preference shares. The ordinary offer is equivalent to 145p for each existing Norwest ordinary share. *Alternatively,* shareholders can opt for a cash offer of 140.65p, underwritten by Illingworth and Henriques, the Wexcourt advisers.

Ordinary shareholders are to receive a special interim dividend of 5p net for every ordinary share, subject to the ordinary offer becoming unconditional.

Norwest Holst says that there will be a capital reorganisation by making a scrip issue of one-for-one share and by converting each existing ordinary share into one deferred share.

The six-months figures published last November contained provisions of £3.9m relating to the purchase of the Marshall Andrew Group, the refurbishing specialist, but the directors say they have now been forced to raise this figure to £5.5m, although they cannot say whether it will prove inadequate or excessive.

The company says that the Marshall-Andrew situation makes it impractical to forecast profits for Norwest as a whole for the current year but it estimates that profits—excluding Marshall-*Andrew — for the year ending* March 31, 1980 will be about £4m against £5.1m in the previous twelve months.

Mr. Lilley and Mr. Slater intend the Norwest Holst group should operate as subsidiaries of Wexcourt and that, subject to the offers becoming unconditional, Wexcourt will change its name to Norwest Holdings and operate as a private non-trading investment company with quoted preference shares.

The company's shares, which were suspended in February this year when Mr. Lilley and Mr. Slater announced their intention to make a bid, were restored yesterday afternoon and closed at 134p *against a suspension price* of 118p.

Norwest Holst still faces court action involving its former chief executive, Mr. Ted Brian, who *left the company in September* 1979 and is pursuing a breach-of-contract action in the High Court. The company is also still under investigation by the Department *of Trade under Section 165(b)* of the Companies Act which covers such matters as intent to defraud or failing to give information to shareholders which they *might reasonably expect.*

Investment banking interests ended by Ansbacher sale

Henry Ansbacher Holdings, the City merchant banking concern which only survived the fringe banking crisis through a major capital injection by the little known U.S. Lissauer group, has divested itself of the last of its investment banking activities.

The group yesterday announced the sale of Robert Fraser and Partners to Mr. C. J. Emson, a director of Emson and Dudley Securities Management. The unit trust owned by E and D are to be sold to RFP and renamed Robert Fraser Unit Trust and, in addition, RFP will take over the portfolio management of E and D. The normal banking service of RFP will continue.

Ansbacher has received £387,000 cash for the disposal and a further payment may be received dependent on RFP's tax position. Assets attributable to RFP holders at February 29, 1980 amounted to £281,000. In the year ended March 31, 1979, RFP incurred a loss of £94,000 but in the period to February 29 there was a profit of £20,000.

In June, 1979 the group underwent a reconstruction and changed its name from Fraser Ansbacher. This move came at a time when the old Fraser Ansbacher group reported its first attributable profit — of £675,000 — since 1975. In the meantime, it sustained losses of around £7m, mainly as a result of unsuccessful property lending.

Two deals caused most trouble. One involved the acquisition of a marina in Eastwood, Essex, for £401,000 with further investment of about £1.7m. This was disposed of in 1978 for £283,000, leaving Ansbacher with around £2m losses.

The second deal involved an investment in a Frankfurt building, which had to be disposed of for a nominal figure. The loss here was around £400,000, although Ansbacher hoped to get back more money.

Ansbacher said that since the disposal o fthe Eastwood assets, Robert Fraser and Partners has "just been ticking over." The proceeds of the sale will be employed in the merchant banking activities of the group.

Before Lissauer took its investment in 1976, Ansbacher had been controlled by Mr. Maxwell Joseph's interests. Lissauer now has a 32.16 per cent stake and Grand Met 14.18 per cent.

FRENCH KIER PURCHASE

French Kier Holdings has acquired for £700,000 (£312,500) a 50 per cent interest in C.D.K. Contracting Company, a building and civil engineering contractor, licenced to operate throughout the western States of the U.S.

C.D.K. is associated, and has certain common shareholders, *with the Commercial Contracting Company* of San Antonio, and other related companies, including F. and E. Erection Company, with whom French Kier has *already been associated on* contracts for the erection of draglines.

NEWALL MACHINE

B. Elliott and Co. is making a cash offer for the 7 per cent. preferred ordinary shares of Newall Machine Tool it does not already own. These outstanding holdings amount to 13.5 per cent of the preferred capital.

Newall has been a member of the Elliott group since 1977. Elliott holds all the ordinary and preference.

JACK ISRAEL ACQUISITION

Contracts have been exchanged *whereby* Jack L. Israel (*Norfolk*) acquires the undertaking of Broadfield Farm Produce so far as it relates to the onion peeling operation.

Israel (Norfolk) will control seven peeling stations having a labour pool of about 1,000 women, and producing about 8,000 tonnes of pickling onions *annually.*

This acquisition will add approximately £1.5m to group turnover in the next financial year. For the year ending March 31, 1979, group sales are put at £17.6m, and trading profit, before tax, at £501,085.

COOK IND. HOLDS 6% OF ARBUTHNOT

Cook Industries, the U.S. agricultural products group, has built up a 6 per cent stake in Arbuthnot Latham Holdings, which embraces the UK group's merchant banking, investment, insurance, commodity and industrial interests.

The major shareholder is Mr. Graham Ferguson Lacey's Birmingham and Midland Counties Trust with just over 14 per cent. Industrial and Commercial Finance Corporation (ICFC) owns 10.4 per cent and London Trust Company 11.1 per cent.

CONTROL SECS.

Control Securities has agreed, to acquire from Technibau AG Liechtenstein, 450 units of Vastgoedbeleggingsfonds Immofund 1962 for £252,000. The consideration is the issue to Technibau of 720,000 ordinary shares of Control at 35p each.

Oceana may buy Hygenol

Oceana Holdings, the troubled laundry and linen company, is to enter talks with Mr. P. J. Doyle, one of its directors, for the purchase of Hygenol, part of the Home Counties contract cleaning group, a private concern controlled by Mr. Doyle.

Mr. Doyle is presently making an offer of 10p per share for the capital of Oceana he does not already own. Mr. Doyle purchased 39 per cent of the company and the general offer is made in accordance with the Takeover Code.

Oceana's shares were suspended at 5½p in December 1978 pending clarification of the company's financial position. Energy Finance and General Trust, the advisers, and the chairman of Oceana say it is up to shareholders to decide what action to take on the offer.

The company says that since the appointment of Mr. Doyle to the board in November 1979 it had experienced a substantial increase in turnover, largely from the association with Home Counties. While HC does not own a laundry or computer with Oceana it does require the services of a laundry.

The purchase of Hygenol will probably be satisfied by the issue of ordinary shares. Hygenol supplies chemical and other cleaning materials to industry and commerce and its business is complementary to Oceana.

Turnover of Oceana for 1979 is shown to be down from £893,253 to £413,962 and the pre-tax loss is cut from £136,440 to £84,798. There is an extra-ordinary credit of £319,375 (£167,512). Oceana is expecting a similar loss for 1980 but the company expects increased business and other steps being taken may lead to a profit in 1981.

Energy Finance points out that while there will be trading between Oceana and Home Counties it will be on an arms length basis and it is intended that Oceana operate as an autonomous body.

CHUBB EXPANDS IN AUSTRALIA

Chubb and Son's Australian subsidiary has purchased the fire security and protection company, Graviner (Australia) Pty. from Wilkinson Match Australia.

The price will be determined by reference to the final accounts for the year ending February 29, but is expected to amount to about A$5m (£2.4m). The acquisition is effective from the same date.

The acquisition includes Graviner (New Zealand) Pty. and is part of a major expansion move by Chubb in industrial fire security and protection activities in Australasia and south-east Asia.

THOS. WARD

Thomas W. Ward (Roadstone), a member of the Thomas W. Ward Group, has bought A. P. Twyfords the gritstone quarry owner and supplier of grit stone to the building and engineering industries.

The gritstone quarries of Twyfords are in Derbyshire and their products will fit in with Ward's De Lank quarries in Cornwall which produce similar materials.

MINING NEWS

Randfontein to spend £110m on new shaft

BY PAUL CHEESERIGHT

RANDFONTEIN ESTATES, the South African gold-uranium mine in the Johannesburg Consolidated Investment group, is to spend R200m (£110.57m) to construct a new shaft in the Cooke section of the mine, it was announced in Johannesburg yesterday.

The new shaft, Cooke Number Three, is expected to come on stream in 1985. Output is planned to build up to 150,000 tonnes of ore a month.

The ore will be treated at the Cooke plant which has been facing considerable technical difficulties. However, Randfontein has stated that the problems are being overcome. As it is now proposed to expand the plant to accommodate the extra ore, the management is clearly confident of continuing improvement.

The decision to go ahead with Cooke Number Three has been expected for some time and has been precipitated by the advance in bullion prices over the past few months. It may also have been influenced by the fact that estimates for the future of the old Randfontein section of the mine were proved, last November, to be over-optimistic.

The Cooke section of the mine has been developed since 1974 to replace the declining old section of the mine, where milling started in 1889, but where production could stop in about two years' time.

Randfontein is nearing completion of a R225m capital investment progamme and at the end of last year there were commitments for the spending of R6.8m.

The decision to embark on another major programme, however, is in line with the generally expansionist trend of the industry. It follows on the heels of Anglo American Corporation's announcement that R715m will be spent developing Western Ultra Deep Levels and that studies are being made on the feasibility of starting a new mine at South African Land and Exploration.

In London yesterday, Randfontein shares were unchanged at £35½.

CANBERRA LOOKS AT URANIUM ENRICHMENT

The Australian Government has been advised to conduct a feasibility study and to consider participation in a uranium enrichment industry. Mr. Douglas Anthony, the Minister for Trade and Resources, told Parliament in Canberra yesterday.

The recommendation came from the Uranium Advisory Council, which said the Government should bear four factors in mind.

These are that the Australian Atomic Energy Commission has the skills to advise on and take part in the planning and operation of a plant, that the environmental effects need to be assessed, that the plant should be subject to international surveillance and that the Council itself should not offer a judgment on the economics of a plant.

Mr. Anthony's remarks are the latest in a series of tentative moves towards establishing an enrichment industry, but the matter is becoming pressing now that mine development is under way.

Industry itself has become more interested and, in January, Broken Hill Proprietary, CSR, Peko-Wallsend and Western Mining decided to set up a joint venture to look at the possibilities of an enrichment industry.

Gopeng's tin production

TIN CONCENTRATE production at Gopeng Consolidated was again lower in February, but it brought the total for the past five months of the company's financial year to 828 tonnes against 808½ tonnes in the same period of the year to last September.

As already reported, the Malaysian producer expects output to be slightly lower in the current financial year, but earnings should rise if tin prices remain at anywhere near their present levels; the average in the year to last September was only £7,244 per tonne compared with the present £8,455 per tonne.

	Feb. tonnes	Jan. tonnes	Dec. tonnes
Gopeng	152½	158½	161
Tanjong	7¾	10½	14½
Idris	18¾	18¼	19¾
Pangkalen	12½	16¾	15¾

Mexico modifies demand for new silver profits tax

THE Mexican Government has apparently been persuaded by the mining industry to relax the provisions of a 40 per cent windfall profits tax on silver sales decreed in January.

The windfall tax will be halved to 20 per cent provided that the funds which would otherwise have gone to the Government under the original proposal are re-invested in mining ventures, according to industry sources in Mexico City.

The tax, which seems to be the first imposed by a government in order to cash in on the bullion price boom, was based on a formula which deemed production costs to be $8.0 for each ounce of silver. The original proposal was to take 40 per cent of the difference between this $8.0 and the market price of silver, currently around $36.00 an ounce.

With Mexican silver production running at more than 50m ounces a year, most of it destined for export, such a measure would clearly have been a valuable extra source of revenue for the Government.

However, analysts of the Mexican mining industry note that the Government probably had no intention of extracting the tax at the 40 per cent level and fully expected to negotiate with the industry. The surprise, according to the analysts, is that agreement has been reached so quickly.

However, the agreement, said by the industry to have been reached with the Secretariat of Finance and Public Credit, has not been officially announced.

Nor has an additional accord related to the formula used by the Government to assess the cost of silver production. This permits some indexation of what the Government deems to be the basic production cost. It meets a basic industry complaint that the Government has not been prepared hitherto to concede that costs are affected by inflation.

The silver industry has in any case been paying taxes on silver production and sales. In 1978 a new mining law became effective and this called on the mining companies to pay a production tax of 9 per cent on the value of their output.

The industry is also affected by the introduction of a 10 per cent value added tax, which last January replaced the 4 per cent mercantile tax.

MINING BRIEFS

PAHANG CONSOLIDATED—Output in February of lode tin concentrates produced and sold amounted to 102 tonnes (January 122 tonnes).

PETALING TIN—Tin ore output for February 99.77 tonnes (January 151.78 tonnes).

SAINT PIRAN—Production of tin concenetrates by Saint Piran group companies: UK 193 tonnes (70 per cent tin metal), Malaysia 23 tonnes, Thailand 72 tonnes, January 178, 22 and 90 tonnes repectively.

ROUND-UP

Canada's leading gold group, Dome Mines, reports record net *profits for 1979 of C$72.4m* (£28.3m) compared with C$52.6m in 1978. Group gold production from the three gold mines declined to 348,000 ounces from 351,000 ounces but, thanks to the higher bullion prices, revenue increased by 60 per cent to C$129.7m.

* * *

SA Manganese Amcor plans to make a five-for-one share split and will announce further details shortly. Meanwhile, it is announced that pre-tax profits for 1979 have spurted to R91.75m (£50.7m) from R41.08m in 1978. Samancor expects a satisfactory year in 1980 but points out that demand for its products has eased and lower real growth rates are expected in the coun*tries to which it exports.*

* * *

Charter-France, a unit of Charter Consolidated, has filed an application with the French Government for a three-year exclusive exploration permit for tin, tungsten, gold, niobium and related substances. The area concerned covers 59.5 square kilometres in the Puy-de-Dome department of central France.

* * *

Canada's vigorous Teck Corporation natural resources group continues to notch up records in line with its growing interests. For the first quarter of the current year to September 30 profits have soared to C$9.3m (£3.6m), or 73 cents per share, from C$1.5m a year ago. After taking in gains from sales of investments the latest profit is increased to C$14.6m against C$1.6m. The C$150m Highmont copper-molybdenum project in British Columbia is on schedule for a start-up this autumn.

* * *

Dupont Canada is to spend C$12m (£4.67m) on the development of a small gold and silver mine at Chappelle in British Columbia. Ore processing is expected to start next year and reserves of 100,000 tons of ore grading 0.9 ounces of gold and 19.0 ounces of silver are sufficient for three years of small-scale mining.

DoT REPORT ON OZALID

Fictitious invoices used in overseas scheme

BY JOHN MOORE

THREE DIRECTORS of Ozalid Group Holdings, including a former chairman, have been strongly criticised by Department of Trade inspectors for arranging undisclosed overseas remuneration for themselves and other members of the board.

The group, which is involved in drawing office supplies, was taken over by the Dutch group Oce Van der Grinten in 1977.

The inspectors, in a 286-page report published yesterday, have unravelled a tangled scheme *whereby directors received undis*closed payments from the group through the creation of empty shell companies or business names, the use of fictitious in*voices, and the operation of* Swiss bank accounts which led to the deception of auditors and shareholders.

Mr. Neil Butter, Q.C., and Mr. *Brian Kemp, the inspectors, have* made their criticisms after completing an investigation, started in May 1977, under section 165(b) of the Companies Act. From February *1978 the investigations* were widened, under section 172, to investigate and report on dealings in Ozalid's shares.

As a result of their findings, the inspectors have concluded that there is a significant gap in the Department's statutory powers concerning access to directors' bank accounts.

The inspectors say in the report that they have experienced acute difficulty in obtaining information and were not *convinced that the existence of* every relevant bank account had been disclosed. Power is not granted to inspectors, under the Companies Act, to require directors to produce their private bank accounts.

The inspectors, who were studying the affairs of the group before its take-over by Oce Van der Grinten, have discovered that the undisclosed overseas payments were made in 1972, 1973 and 1974.

Describing the method of payment, the inspectors explain that a written agreement would be drawn up between Ozalid or a subsidiary and a company or business name *especially* created for this purpose.

Under the agreement the company or so-called business would agree, for example, to provide technical assistance to Ozalid or its subsidiary for a stated fee per annum. Invoices would be prepared which purported to be for the provision of services.

Payments were made by Ozalid or subsidiaries for services which were never capable of being rendered and which were not rendered "but which on the face of it were legitimate and uncontroversial. The relevant payments would ordinarily be paid directly into any one of the many directors' bank accounts which were opened in Switzerland."

Most of the directors who had received such overseas payments made repayment in whole or in part to Ozalid, "but the full extent of the irregularities was never made clear to the outside world," says the report.

"We consider that substantial criticism is appropriate" in respect of Mr. Nicholas Kiely, chairman of Ozalid at the time, "who authorised the 'overseas remuneration'," say the inspectors. His standards "fell substantially below those which may reasonably be expected of a person who held his high office."

Substantial criticism is levelled at Mr. David Haddon, a director, who set up much of the machinery for the scheme before he left Ozalid in September 1973; and Mr. Brian Hayman, another director, "who willingly continued the operation when Mr. Haddon left."

The inspectors say that other directors on the board were at fault "because of their accept*ance of payments which, although* authorised directly or indirectly by Mr. Kiely, were clearly irregular and ought to have been expressly approved by the board and disclosed to shareholders."

The report shows that undisclosed "overseas remuneration" to directors totalled £180,000. A total of £108,000 was later repaid after an auditors investigation, according to the inspectors.

The inspectors' report says that Singer and Friedlander, the group's merchant banker, "*were* sailing close to the edges of the law" when it bought shares in Ozalid, after reaching an understanding to support the group's *share price when Ozalid was con*templating the acquisition of Lamson Industries.

On a matter of strict interpretation of section 54 of the Companies Act—which prohibits the provision of financial assistance by a company for the purchase of its own or its holding company's shares—there was no breach, although there was a breach in the spirit of that section say the inspector.

A share purchase of 30,000 Ozalid shares by Mr. David Haddon, a director, is said to have been in breach of section 27 of the Companies Act, 1967, in that Mr. Haddon did not give any notification of the existence of the purchase.

Mr. Kiely's own share deals are criticised. On his recommendation, 2,000 shares in J. B. Broadley were purchased on behalf of a trust involving his family at a time when he knew that Ozalid was likely to acquire Broadley. The shares were sold at a profit almost immediately after the announcement of the merger.

"We consider that a person in the position of Mr. Kiely and with inside information as to a likely acquisition should not use his knowledge in the way that he did," say the inspectors.

Unorthodox share deals by other directors are referred to in the report.

The inspectors also describe a payment of about £153,000 made on behalf of Ozalid to a company in Liechtenstein *in 1972. The* Ozalid board failed to take legal advice about the propriety or mode of the payment which was designed to eliminate the real *threat of future competition.*

"A sham agreement and a supporting sham invoice, and the subsequent attempts to mislead and deceive the auditors, were reprehensible." During the transaction there had been a "cynical disregard of the need for frankness in the course of dealing with the Bank of England."

The stage came in 1974, and certainly in 1975, continues the report, when auditors Peat Marwick Mitchell had doubts *about the extent to which they* could rely on explanations given by certain directors of the board. "Arguably Peats should have resigned their position" in 1974 *or 1975, but the inspectors add* that "we do not think it would be fair to direct any significant criticism at Peats."

The inspectors conclude that in the early 1970s there was a need for Ozalid to extend and diversify. "But we believe that the resulting expansionist policy was insufficiently thought-out and unwisely financed."

The finance consisted largely of foreign currency loans, mostly of a medium-term nature. Many of the newly acquired subsidiaries failed to yield sufficient profits to counteract the financial demands that were made on the parent company. By December 31, 1975, the loan and overdraft position (net of cash balances *and deposits*) was some *£11m* and the corresponding figure at December 31, 1976, was about £19m.

"The dangers inherent in the *policy were seriously exacerbated* by economic difficulties facing the reprographic industry as a whole and also by the fall in the pound."

Ozalid "developed an increasingly unwieldy group structure. Weaknesses existed in many areas, particularly that of finance where an overall policy seems to have been lacking. The errors which were made in the early 1970s led directly," in the inspector's view, "to the crisis which developed in 1976 which in turn led to the subsequent take-over."

No criticism is made in the report of the three non-executive directors — Mr. Alan Barratt, Mr. John Gillum, and Sir Cyril Pitts — who all spent time and effort attempting to correct the position.

The inspectors stress in their final observations that most of the directors on the main Board were hard working and had the interests of Ozalid at heart. "The transgressions by some individual directors which are revealed in the report vary in gravity and should not be allowed to eclipse the good part of work that was carried out either by them or others below them."

All the directors criticised in the *report who were on the* main board of Ozalid at the time of the take-over left the company soon afterwards. The inspectors stressed that no *criticism of any kind is made* against the Dutch group, Oce van der Grinten.

Ozalid Group Holdings. Inspectors' Report. HMSO. £7.25.

Rumours push Siebens shares down 174p

Siebens Oil and Gas, the UK independent oil exploration company, suffered a sharp drop in its share price yesterday amid rumours of a dry well in the North Sea field which is operated by Marathon Oil. The share price was down 174p yesterday to 680p after falling to 630p during the course of the day.

Siebens, which has a 4 per cent stake in Block 16/3 A-1 located north-east of the Brae Field, was up to 930p last week after Marathon said that there were "hydrocarbons" in the block.

Mr. Rex Cooley, finance director of the UK subsidiary of Marathon, said yesterday: "Until testing is completed we don't have anything meaningful to report." He said that testing would be completed within two to three weeks.

Union attacks proposals on social security

PROPOSALS that employers should pay short-term sickness benefit were "the thin end of a very thick wedge," which could be used to bring down the whole social security system as it had been known since 1948, the General and Municipal Workers' Union said yesterday.

The union, Britain's third largest, declared itself opposed to any changes which under the guise of "fee choice," would lead to greater dependence on privately-insured employee benefit schemes and a corresponding reduction in the role of the department of health and social security.

The announcement followed a meeting of the union's service sub-committee, which had considered a report on the way in which the GMWU pensions and social services department sees its future role, considering current political and economic circumstances.

Jersey's new freight company

ROADLINE, THE British freight forwarder that has been involved in moving cargo to and from the Channel Islands since *1973, has set up a Jersey-based* subsidiary, Islandlink.

The company will operate from Jersey airport and will be manned by eight islanders.

Roadline said the steady growth of traffic in the past two years has made it possible for the mainland company to set up Islandlink as a collection and delivery operation.

BANK RETURN

	Wednesday Mar. 5, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	28,434,134	+ 4,118,084
Special Deposits	103,870,000	—
Bankers Deposits	484,808,830	— 3,897,621
Reserves & other Accounts	721,299,143	+ 122,170,619
	1,352,965,107	+ 122,391,082
ASSETS		
Government Securities	732,757,080	— 18,970,000
Advances & Other Accounts	204,246,745	— 67,693,901
Premises Equipment & Other Secs.	411,925,686	+ 233,521,509
Notes	3,785,119	— 24,467,967
Coin	240,506	+ 1,441
	1,352,965,107	+ 122,391,082
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,750,000,000	+ 25,000,000
In Circulation	9,746,214,881	+ 49,467,967
In Banking Department	3,785,119	— 24,467,967
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,408,503,812	— 45,382,347
Other Securities	2,330,481,088	+ 70,382,347
	9,750,000,000	+ 25,000,000

Midway slip for Stocklake

A DECLINE in first-half taxable profits from £767,000 to £560,000 is reported by Stocklake Holdings, the import, export, finance, textiles and steel stockholding group. Turnover in the six months to September 30, 1979 was static at £11.79m.

Results so far available for the second half indicate a satisfactory result for the year, say the directors, although profits may fall short of last year's total of £1.37m (£1.28m).

Trading conditions in the UK were difficult, they remark, but the group's steel stockholding operations in Africa continued satisfactorily, as did the footwear importing business in Canada.

The six months' surplus is struck after exchange deficits of £37,000 (£10,000 surplus), but before lower tax of £284,000 (£367,000).

The net interim dividend is maintained at 0.85p—last year's total was 3.27052p.

In view of the present uncertain situation in Zimbabwe Rhodesia, say the directors, they feel it would be premature to consolidate the results of subsidiary BRS (formerly British Rhodesian Steel Company).

Turnover of the subsidiary for the period under review was £3.1m (£2.71m) and profit £543,000 (£547,900) before tax of £269,000 (£263,000).

Also excluded are the results of the group's participation in an associated company, Northern Shipbuilding and Industrial Holdings.

Stated earnings per 25p share of the group, excluding the Rhodesian subsidiary, are 6.6p (9.5p).

Halma expects profit from Post Glover

The board of Halma was satisfied with the progress made by Post Glover of the U.S. since it joined the group on November 30, 1979, chairman Mr. D. S. Barber told shareholders at an EGM held to approve the acquisition.

He anticipated that, after allowing for interest costs, Post Glover would make a positive contribution to group profits for the period to March 1980.

Mr. Barber re-affirmed the view expressed in the interim report that pre-tax profits for the current year will exceed last year's record surplus of £1.13m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: George H. Scholes. Telefusion.

Finals: Anglo American Gold Investment, Ault and Wiborg, Bridgewater Estates, Concord Rotaflex, Derek Crouch, First Guernsey Securities Trust, George Oliver (Footwear), Waverley Cameron.

FUTURE DATES

Interims—	
Ferry Pickering	Apr. 9
Ransome Hoffmann Pollard	May 19
Renong Tin Dredging	Mar. 20
United City Merchants	Mar. 12
Finals—	
BICC	Apr. 2
Beeson Clark	Mar. 17
Britannic Assurance	Mar. 12
British Aluminium	Mar. 19
Guardian Royal Exch. Assur.	Apr. 9
Pentos	Mar. 11
Rea Brothers	Mar. 11
Sale Tilney	Mar. 13
Turner (W. and E.)	Mar. 19
Wolf Electric Tools	Mar. 27

Slump at Hunt and Moscrop

A SUBSTANTIAL fall in pre-tax profits from £646,000 to £208,000 is reported by Hunt and Moscrop (Middleton), industrial machinery manufacturer, for the half-year to December 31, 1979. Turnover was also down, falling from £10.68m to £10.13m.

The net interim dividend is unchanged at 0.3575p—last year's total was 0.90022p from pre-tax profits of £931,000 (£1.48m).

UK tax charged in the first six months was down from £328,000 to £83,000 and overseas tax was virtually unchanged at £21,000 (£24,000). Retained earnings are £20,224 against £210,224.

ASSOCIATE DEAL

Henderson Kenton—L. Messel and Co. brokers to Harris Queensway Group, on behalf of the County Bank, which is an associate of Harris Queensway Group bought 42,500 ordinary at £2.12.

Corah down £0.5m after second-half setback

A MARKED downturn in the second half from £1.82m to £1.18m left 1979 pre-tax profits of Corah, manufacturer and distributor of knitted clothing and fabrics, lower at £3.03m, compared with a record £3.53m previously. Yearly sales of the group, whose largest customer is Marks and Spencer, rose by 8.3 per cent to £39.7m.

Trading in the first six months was consistent with directors' expectations, but during the summer and autumn retail sales declined. This was largely due to the increasing cost of living, partly attributable to the significant VAT increase, coupled with unseasonable weather.

Also, in the latter part of 1979, cost increases were incurred which the group was unable to recover through higher selling prices. These costs included rises in bank interest, wages, raw materials and energy.

The group's UK profits fell from £3.54m to £3.06m for the year. The performance from the Canadian factory showed a modest improvement from £99,000 to £121,000, but this was more than offset by exchange losses of £139,000 (£112,000) caused by the strength of the pound.

The order book for the first six months of 1980 is strong, although margins remain under pressure. Production is running at high levels throughout the business.

Capital investment during 1979 jumped from £1.2m to £2.1m. The board says the significant capital investment programme will increase productivity and improve the group's competitiveness, thereby placing it in a stronger position to respond to the challenge of the future.

The board states that it continues to be concerned by the significant increase in imports of textiles from low cost countries and from countries where manufacturing industry is subsidised and artificial pricing therefore applies.

The group continues to expand its customer base, both in the UK and in overseas markets. Export trading has developed satisfactorily with direct exports up by 28.5 per cent over the year.

Earnings per 25p share for 1979 are shown as 10.3p (12p) before tax and, as 8.9p (9.1p) after the same. The dividend total is stepped up by 40 per cent from 2.07p to 2.9p net, with a final of 1.65p.

● **comment**

This is surely not the best time to start an ambitious capital spending programme but, given the level of cheap imports, the textile industry has litle choice other than to cut its production costs through re-equipment. Corah is fortunate in that this essential spending was initially supported by a strong balance sheet. Capital spending last year amounted to over £2m, spent largely in the fabric production areas, and will continue at around this level through this year and next. The impact has already made itself felt on the cash position which, by December last, had swung from a net £1.2m credit to a £290,000 overdraft. In very large part, however, this reflects a £2.12m stock build-up (of which £1.36m relates to finished goods) which extends from the second-half demand downturn. It is no surprise to discover a margin contraction from 9.4 per cent to 6 per cent between the two halves and, although Corah is now talking of a "strong" six month order book as this year opens, it is equally obvious that increased sales value is being won at the further expense of margins. With perhaps two-thirds of Corah's output still taken by M and S, the group has many parallels with Nottingham Manufacturing in which a body of City opinion is beginning to recommend purchases. There is a case for believing that Corah at 30p is cheap on a fully taxed historic p/e of 5.7 and a yield of 14.6 per cent, after a handsome dividend rise, but a great deal depends on the benefits of, to say nothing of the cash strain imposed by, a substantial re-equipment effort.

Tavener Rutledge cuts loss but borrowings 'of utmost concern'

FOLLOWING REDUCED first-half losses of £156,893, against £384,719, Tavener Rutledge turned in profits of £16,979 in the second six months of 1979, compared with £39,220 previously.

This left pre-tax losses of the confectionery group at £139,714 for the year, against £345,499, after sharply higher interest of £219,980 (£127,942) and £53,167 (£18,950) severance payments on reorganisation. Last time there was also a £140,552 loss arising from damaged goods.

Mr. William H. Tavener, in his first statement as chairman, says: 'In 1972 the company embarked on an ambitious plan to expand as quickly as possible, to secure a broader base for the future.

"There were considerable risks in both the extent and of our ambitions and the pace at which we tried to implement them and, to some degree, we are now paying the price for not having achieved our goals.

"Our borrowings are a matter of utmost concern to the Board, and we consider it unlikely that we will be able to pay a dividend in the current year." No payments have been made since the 2.904p interim for 1977.

The chairman goes on to say that, although the group faces adverse trading conditions and disproportionate borrowings at unprecedented lending rates, it has two modern factories and an experienced team.

"The immediate future should be treated with caution, he adds. The group will be paying great attention to the management of cash and the control of costs.

However, although a rapid return to former profit levels is unlikely, he believes the group can move forward to a more secure and rewarding future.

Sales for the year amounted to £6.64m, against £6.96m, exports falling by 2 per cent to £2.83m. The chairman says the group is taking many new initiatives on exports which show promise. Home sales tonnage in the first eight weeks of the current year were considerably ahead of last time, he adds, despite recent price rises.

After a tax credit of £71,500 (£31,000), net losses were cut to [illegible]214, compared with £314,499. Loss per 20p share is given as [illegible] (15.5p).

There was a net outflow of funds of £142,000 (£187,000). Short-term borrowings increased by £155,000 (£58,000).

● **comment**

An austerity programme has brought Tavener's losses under control but the difficult trading conditions and the company's high level of gearing is going to make life very difficult. At home the market for sugar confectionery has contracted sharply while exports have been hit by unfavourable currency movements. On its own this would be difficult enough to weather but the company also has hefty debt to contend with amounting to £1.6m against shareholders' funds of £1.3m. The annual statement, while not trying to dodge the issue, gives little comfort to shareholders understandably concerned about how the company might tackle this problem. The shares are languishing at 27p, valuing the company at £0.5m. The uncertain future inevitably casts a shadow over the prospects for other sugar confectionery manufacturers such as George Bassett and Needlers.

RESULTS AND ACCOUNTS IN BRIEF

AARONSON BROS. (laminated veneer manufacturers)—Results for year to September 30, 1979, already reported with prospects for current year. Fixed assets £17.7m (£12.18m). Current assets £26.73m (£20.47m) and liabilities £20.38m (£13.93m). Meeting, Savoy Hotel, April 2, at noon.

ALLIED TEXTILE COMPANIES—Results for year to September 30, 1979, already reported with full preliminary statement. Fixed assets £4.57m (£5.15m). Net current assets £9.32m (£7.62m). Chairman says trading results to date have been satisfactory. Meeting, Highburton near Huddersfield, April 2 at 12 noon.

Beaumont Properties — Results for year ended September 30, 1979 already reported. Properties £38.53m (£24.08m), current assets £0.52m (£0.9m), and liabilities £2.5m (£2.8m). Board intends to revalue group's property portfolio as at September 30, 1980. Sir Cyril Black, chairman, is retiring and will be succeeded by Mr. J. Hugh Jones. Meeting, 100 Old Broad Street, EC, March 27 at 2.30 pm.

BERRY PACIFIC (STERLING) FUND—No dividend for nine months to December 27, 1979. Net income £77,713, and net assets £9,684,316.

CARDINAL INVESTMENT TRUST—Results for year to December 31, 1979, already known. Investments £22.29m (£20.78m), of which £14.37m (£12.72m) listed in Great Britain, £8.62m (£7.16m) elsewhere. Chairman states that increase in dividend income is likely to be smaller in current year. Board believes that Australia, where 8.3 per cent of funds are invested, has above average potential. Meeting, 1-2 Laurence Pountney Hill, EC, March 27, at 11.30 am.

DRAYTON PREMIER INVESTMENT TRUST—Results for 1979 already known. Total investments £79.98m (£76.22m)—unrealised appreciation of investments £17.85m (£25.68m). Net current liabilities £230,977 (£7.46m assets)—bank balances £3.71m (£10.4m). Chairman says current year will be difficult but further growth in revenue should be achieved. Meeting, 117, Old Broad Street, EC, March 24, at 12.15 pm.

J. B. EASTWOOD (farmer, meat importer, subsidiary of Imperial Group)—Sales for year to October 31, 1979 £192.21m (£95.65m): pre-tax loss of £7.3m (loss £7.7m); tax credit £10,580 (credit £992,000).

EDINBURGH AMERICAN ASSETS TRUST—Results for 1979 reported January 25. Investments at valuation £38.71m (£38.9m), sterling loan—payment received June 24, 1979—nil (£3.6m), net current assets £173,030 (£384,235). Liquidity increased by £1.08m (£1.68m). Chairman is confident that the trust has investments in many companies that will do well in 1980s. Emphasis has been placed in the energy and electronics technology areas which it is anticipated will provide real growth. Meeting, Edinburgh, March 26, at 2.30 pm.

JOHN EDWARD CROWTHER (HOLDINGS)—Dividend 6 per cent for year ending March 31, 1980, pay March 20.

EVODE HOLDINGS (manufacturer of adhesives, jointing compounds, etc.)—Results for year to September 29, 1979, reported February 2 with observations on prospects. Group fixed assets £4.69m (£4.18m). Net current assets £3.56m (£3.1m). Meeting, Stafford on March 27 at noon.

FAMILY INVESTMENT TRUST—Final dividend 3.55p, making 5.55p (4.6p) net for year ended January 31, 1980. Gross investment income £317,655 (£313,531) and other income £128,491 (£41,799), making £446,146 (£355,330). Direct expenses £42,527 (£32,069) and tax £143,043 (£113,006), leaving net earnings £260,576 (£210,255), equivalent to 5.92p (4.78p) per share. Valuation of investments £4,455,372 (£4,212,482). Net current assets £853,436 (£605,095). Attributable to ordinary £5,308,808 (£4,817,587), or 120.7p (109.5p) per share. AGM May 7, at 2.30 pm.

FOLKESTONE AND DISTRICT WATER COMPANY—Income for 1979, £2.17m (£1.95m). Operating expenses £1.75m (£1.46m). Net revenue £294,200 (£343,500). To reserves £30,800 (£43,500). Fixed assets £4.4m (£4.28m). Net current assets £268,900 (£586,500). Capital expenditure £913,400 (£797,500). Chairman says company will have to raise some £2.5m new capital, partly to replace £1.6m preference capital due for redemption and partly to cover continuing capital works.

HIRST AND MALLINSON (textiles, pharmaceuticals, catering equipment distribution)—Results for 53 weeks to November 3, 1979, already known. Current assets £7.61m (£5.85m), current liabilities £5.53m (£4.43m). Increase in working capital £775,600 (£143,000). Meeting, Leds, March 28, 11.30 am.

INVESTMENT TRUST OF GUERNSEY—Net asset value on February 25, 1980, was 223p.

LONSDALE UNIVERSAL (industrial holding company)—Results for year ended September 30, 1979 with prospects already reported. On CCA basis, historical pre-tax profit £1.45m (£1.62m) adjusted to £1.06m (£1.43m). Group fixed assets £7.4m (£7.06m). net current assets £4.98m (£3.25m). Liquidity up £0.59m (£1.3m down). Meeting, Great Eastern Hotel, EC, April 2, noon.

MARIEVALE CONSOLIDATED MINES—Results for 1979 already reported. Mining assets R4.54m (R4.64m). Net current assets R497,000 (R896,000). Meeting, Johannesburg, April 11.

MELDRUM INVESTMENT TRUST (subsidiary of British and Commonwealth Shipping)—Results for 1979 already reported. Investments £13.3m (£11.79m). Unrealised appreciation £5.3m (£4.5m). Meeting, 2 St. Mary Axe, EC, March 25, at 11.30 am.

MOORSIDE TRUST—Results for year to December 31, 1979 already known. Investments £15.81m (£15.12m). Increase in net liquid funds £572,232 (£41,920). Chairman states that commitment to UK industrial stocks had been reduced and premium content of overseas holdings sold and the proceeds placed in Government stocks and gold shares. Investment in UK and U.S. energy stocks had been increased and these decisions have so far been justified. Meeting, 44 Bloomsbury Square, WC, March 28 at 10.30 am.

NARBOROUGH (FMS) RUBBER ESTATE—Pre-tax profit for half-year to December 31, 1979, £114,407 (£109,226).

NEWBOLD AND BURTON HOLDINGS (ladies' footwear manufacturer)—Results for 1979 already known. Group fixed assets £1.38m (£0.64m), net current assets £1.59m (£1.32m). Net liquid funds decreased £189,000 (£522,000 increase). Professional revaluation of group's freehold properties as at May 31, 1979, showed surplus on book value of £597,000. Chairman confident that company is well equipped to deal with any problem which may arise during 1980. Meeting, Sileby, March 26 11 am.

NEW THROGMORTON TRUST—Net asset value per £1 of capital loan stock at March 4, 1980, was 246.67p.

THE PRESTIGE GROUP (housewares)—Results for 1979 reported January 30. Group working capital £15.68m (£15.36m), net assets £22.11m (£19.65m). Cash resources decreased by £806,000 (£533,000 increase). Chairman says company's efforts in 1980 will be directed towards exercising maximum restraint on costs, improving efficiency and achieving profitable expansion. Meeting, 14-18, Holborn, EC, March 26, noon.

RIVER AND MERCANTILE TRUST—Results for year to December 31, 1979, already known. Investments £31.5m (£31.49m). Decrease in net liquid funds £217,121 (£617,724). Chairman states that the dispute with the Inland Revenue has been resolved in the company's favour. The U.S. $ currency loan has been repaid and the bulk of overseas investments, which have value in excess of cost, retained. Investment in SA gold shares, particularly, had appreciated. Meeting, 44, Bloomsbury Square, WC, March 27, at 12.30 pm.

RIVER PLATE AND GENERAL INVESTMENT TRUST COMPANY—Results for 1979 reported February 15. Listed UK investments £8.9m (£9.11m), outside UK £0.99m (£0.93m), unlisted £0.84m (£0.72m). Current assets £1.15m (£0.6m), current liabilities £1.18m (£0.89m). During the year the company repaid its U.S.$1m currency loan, mainly from funds generated within the loan, and also acquired the freehold of 7, Lincoln's Inn Fields. Liquidity increased by £342,196 (£39,378 decrease). Meeting, 44 Bloomsbury Square, WC, March 27, 11.15 am.

ROMNEY TRUST—Results for 1979, reported February 21. Valuation of investments £37.05m (£40.84m), market value £29.14m (£30.34m). Net current assets £122,674 (£337,467 liabilities). Liquidity increased £770,000 (£816,000). Pearl Assurance Company hold 11.2 per cent and Prudential Corporation 9.2 per cent of equity. Meeting, 21, Moorfields, EC, March 27, 2.45 pm.

SCOTTISH UNITED INVESTORS—Results for year to December 31, 1979, already known. Investments £99.12m (£104.39m). Increase in liquidity £1.66m (£0.92m decrease). Chairman states that the board is confident dividend level can be maintained without inhibiting scope for imaginative investment. Meeting, Glasgow, March 28 at 11 am.

STERLING TRUST—Results for year to December 31, 1979 published February 7, 1980. Investments £38.22m (£41.74m), of which £27.94m (£26.82m) listed in UK and £9.81m (£14.51m) elsewhere. Net current assets £1.32m (£0.78m). Increase in liquidity £781,000 (£1.12m). Board expects to be able to maintain at least dividend level at 3.1p which excludes 1p special. Meeting, Bucklersbury House, EC, March 27, at 3.30 pm.

THOMAS WITTER AND CO. (carpets, floor coverings, felts)—Results for year to November 30, 1979, already reported. Fixed assets £2.75m (£2.76m). Net current assets £5.77m (£5.29m). Chairman says last year's level of trading should be exceeded. Meeting, Withnell, near Chorley, March 28, at noon.

YEOMAN INVESTMENT TRUST—Results for year to December 31, 1979 already known. Investments £16.51m (£15.15m) including overseas £1.93m (£2.69m). Net current assets £16.93m (£16.48m). Meeting, 1, Brewer's Green, SW, April 2 at 10.30 am.

NORTH AMERICAN NEWS

Sandoz bids $420m for McCormick

BY DAVID LASCELLES IN NEW YORK

SANDOZ, THE large Swiss pharmaceuticals concern, fulfilled the long-nursed expectations of Wall Street yesterday by making a sizeable offer for McCormick, the Baltimore spices company.

In a letter to Mr. Harry Wells, McCormick's chairman, Sandoz offered $37 a share. With 11.3m shares outstanding, this values McCormick at $420m. Mr. Wells said yesterday that he had agreed to meet Dr. Y. Dunant, chairman of Sandoz, after March 12, and added that McCormick would then consider the offer at its regular board meeting later in the month.

But he warned: "McCormick has many times expressed its historical and present policy of independence, and management views the prospects for McCormick's business and for its shareholders under that continuing policy to be excellent. There should be no inference or expectation that there will be any transaction."

Wall Street had been expecting a bid from Sandoz ever since the Swiss concern bought 4.8 per cent of McCormick's voting stock last October. McCormick shares, which are traded over the counter, shot up from $15 to $25. However, despite persistent rumours that Sandoz might come in with a bid as high as $40, speculators did not drive the price up further. One consideration was McCormick's evident determination to remain independent, and its decision to hire Mr. Martin Lipton, one of the country's leading takeover lawyers, to defend it.

Yesterday the McCormick share price rose to $27½ on news of the Sandoz bid.

McCormick is one of the largest makers of seasonings and spices in the U.S. Annual sales run in the region of $450m, with profits around $20m. Voting shares in the company are closely-held, mainly by employees, both past and present.

John Wicks adds from Zurich: The offer would further Sandoz's long-term plans to expand its already substantial U.S. business. In 1978, the latest year for which detailed figures are available, as much as 23.1 per cent of group turnover originated in the U.S., by far the biggest national market. At the same time, the acquisition of control of McCormick would bring about a substantial growth in the group's foods division as the biggest single diversification sector, behind the main product group's pharmaceuticals and dyestuffs.

Despite McCormick's evident concern at being connected with a chemical group, Sandoz has long had important operations in the foodstuff sector. Last year, group turnover of the foods division was some SwFr 465m ($272m), the best-known activity being the production of Ovaltine.

Record backlog at Control Data

MINNEAPOLIS—Control Data reports that its year-end backlogs were at records and current forecasts indicate continued strong demand for computer equipment well into 1980.

In its annual report the company predicts "another good year of growth in 1980 but at a slower pace than occurred in 1979."

Last year earnings went up 39 per cent at $124.2m, or $7.20 a share as combined revenues rose 20 per cent to $2.3bn. Computer orders booked were up more than 17 per cent in 1979.

Reuter

Alcoa plans major expansion

BY STEWART FLEMING IN NEW YORK

IN A MAJOR expansion of its smelting capacity, Aluminum Company of America (Alcoa), the leading U.S. aluminium producer, is planning to add some 400,000 tons to its worldwide capacity of 2.3m short tons during the next five years.

The increase reflects the company's conviction that the world is facing the prospect of an aluminium shortage, according to Mr. W. H. Krome George, the company's chairman.

In the U.S., where Alcoa has around 1.7m short tons annual capacity, it is planning both a new smelting line and the addition of incremental capacity to some existing facilities. It will also increase capacity at its new Greenfield facility in Brazil and a smelting process facility in Anderson, Texas, to 300,000 short tons if the difficulties it is having in developing that process are successfully overcome.

The facility was initially designed as a full-scale prototype, with an output of 15,000 tons, but was cut back to an output of 7,500 tons because of difficulties with certain aspects of its operation.

In addition to expansion in the U.S., the company will also undertake some extensive overseas projects, including a new smelting line in Australia and a major increase in Australian capacity.

Mr. George said that the company is particularly preoccupied with expansion in Australia and elsewhere overseas, because of higher prices and a shortage of power in the U.S. "We are going to rely very heavily on Australia for our supplies," he remarked. The company expects to increase production in Australia over the next ten years to 650,000 tons annually from the current level of 100,000 tons.

CANADIAN COMPANIES

Steinberg lifts net income in first quarter

BY ROBERT GIBBENS IN MONTREAL

STEINBERG, the major eastern Canada supermarket, discount store and property development group, earned C$11.6m (US$10.1m) C$1.30 a share in the 24 weeks ended January 12, against C$11.3m or C$1.60 a share a year earlier. Sales were just over C$1bn (US$870m) against C$964m.

The company said sales and earnings in the latest period were adversely affected by a strike in food stores in the Montreal area and by lower consumer demand for general merchandise.

● National Trust, one of Canada's largest trust companies, earned C$1.13m or 30 cents a share in the three months ended January 31, the first quarter of the fiscal year, against C$2.4m or 64 cents a share a year earlier. Revenues were C$63m against C$53m.

● About 900,000 shares of Genstar, the major property development, building materials and chemicals group which is associated with Société Générale de Belgique, have been sold to 10 senior executives of the company for about C$35m.

The shares were originally owned by Blue Circle Industries of the UK. Blue Circle arranged to sell 2.8m shares of Genstar to the Société Générale group earlier at C$25 a share. It had held this 11 per cent stake in Genstar for about 10 years. The shares sold to the management of Genstar come from this block.

● The SNC Group, Canada's second largest engineering consultants and project managers, has bought a 49 per cent interest in Robertson Research of Calgary, and a 35 per cent interest in Robertson Research (U.S.), of Houston, Texas. It has also bought stakes in Robertson Research Holdings of the UK, and in Pasco Engineering, also of the UK. The size of the interests in the UK companies was not disclosed.

The moves are designed to complete SNC's objective of setting up an operating engineering, procurement and construction organisation in Europe. The company has had an international marketing office in the U.S. for 10 years.

Macmillan Bloedel to spend C$300m

By Our Financial Staff

MACMILLAN BLOEDEL, Canada's largest forest products company, expects capital expenditures of more than C$300m (US$261m) this year, according to Mr. Calvert Knudsen, the company's president. Macmillan Bloedel spent C$280m on capital projects last year.

The company also plans to maintain the C$300m-a-year capital spending over the following three years. Mr. Knudsen said that Macmillan Bloedel requires a return on investment of at least 14 per cent. Many of its undertakings already exceed that.

The only project of which detailed plans have so far been released will involve the expenditure of C$90m on a designed forest system in British Columbia. Mr. Knudsen said that the five-year project calls for the use of new techniques of intensive forest management.

British Columbia Resources this week became the largest single shareholder in Macmillan Bloedel with the purchase from Canadian Pacific Investments of 2.8m shares, or 13.4 per cent. The deal is believed to have been worth about C$95m.

U.S. Prudential shows growth

NEW YORK—Prudential Insurance's new life insurance sales rose by 9.8 per cent or $4.4bn from the 1978 figure to $48.6bn last year.

Mr. Robert Beck, the chairman, said that new life insurance sales continued to increase at a 10 per cent rate in the first two months of 1980, but were "just slightly behind our objective." He added that assets in 1979 rose to $54.7bn, an increase of 9.3 per cent or $4.68bn.

Mr. Beck described 1979 as a solid year for Prudential, the country's largest insurer, and said that the results "provide us with a strong base to meet the challenges of the 1980s."

Reuter.

GMAC filing

General Motors Acceptance Corporation (GMAC) has filed for an offering of $751m of medium-term notes, due from nine months to five years of the date of issue, the Securities and Exchange Commission said, Reuter reports from Washington. GMAC said that the proceeds of the offering will be used for general corporate purposes, including the repayment of debt.

Colgate deal

Colgate-Palmolive has agreed to sell its racketball equipment company Leach Industries, to Liggett Group for an undisclosed price, AP-DJ reports from New York. Leach's sales in 1979 were about $14m whereas total Colgate revenues were $4.5bn.

Louisiana Land

Louisiana Land and Exploration has approved a record capital and exploration budget of $350m for 1980, up 25 per cent or $71m from the 1979 level, writes our Financial Staff. Over 90 per cent of the projected 1980 spending will be for petroleum operations, and exploration and production outlays will account for over three-fourths of the total spending. Expenditures on processing and marketing facilities are expected to total $50m.

U.S. QUARTERLIES

ALBERTSON'S	1979	1978
	$	$
Fourth quarter		
Revenue	707.5m	681.3m
Net profits	11.86m	9.65m
Net per share	1.54	1.26
Year		
Revenue	2.67bn	2.27bn
Net profits	38.32m	35.42m
Net per share	4.98	4.76

BROWN GROUP	1980	1979
	$	$
First quarter		
Revenue	302.1m	259.2m
Net profits	11.12m	10.25m
Net per share	1.52	1.40

DART INDUSTRIES	1979	1978
	$	$
Year		
Revenue	2.4bn	1.8bn
Net profits	149.5m	127.1m
Net per share	6.10	5.19

FLEXI-VAN	1979	1978
	$	$
Fourth quarter		
Revenue	51.5m	48.8m
Net profits	6.8m	2.92m
Net per share	1.01	0.50
Year		
Revenue	194.4m	182.6m
Net profits	28.64m	20.61m
Net per share	4.15	3.47

M. LOWENSTEIN	1979	1978
	$	$
Fourth quarter		
Revenue	178.0m	172.2m
Net profits	11.37m	14.75m
Net per share	10.41	11.43
Year		
Revenue	644.8m	620.2m
Net profits	†3.38m	12.27m
Net per share	11.02	3.70

† Loss

CAPITAL MARKETS

Swiss banks to slow pace of new foreign bond issues

BY JOHN WICKS AND PETER MONTAGNON

MAJOR SWISS banks have decided, in co-operation with the Swiss National Bank to slow down the pace of new foreign bond issues on the Swiss capital market. This follows a period of marked decline in secondary market prices.

The banks said that no fixed rules for the slowdown have been set, but future issues are likely to be spaced out to avoid overlapping. In addition, maximum amounts for individual issues are likely to be SwFr 80m rather than the more usual SwFr 100m.

The slowdown will apply as long as market conditions fail to improve. According to one senior banker, this is likely to mean that issues planned for March and April will not now be completed until the end of May.

Major banks have not announced any new issues yet this week, although two new ones are mooted from the smaller syndicates. These are a SwFr 65m, 10-year issue by the Spanish utility Iberduero, and a SwFr 60m issue, also for 10 years by Lonrho, both of which are expected to be brought to the market in the second half of this month.

It is understood that the National Bank has also asked the smaller bank syndicates to comply with the slowdown, although no special action is being taken in the private placement market.

On the Swiss secondary market yesterday, prices weakened again after recovering on Wednesday on news of a reduction in the inflation rate. Losses averaged ⅝ point.

The market continues to suffer from the firmness of Eurodollar rates, which has been attracting funds out of Swiss francs and into dollars. The same problem besets the D-mark sector, where prices yesterday shed an average ⅛ point.

In the dollar sector, dealers said there was some quite heavy selling of short-dated issues yesterday as Eurodollar rates moved sharply higher. Longer-dated bonds were less badly affected, so that prices declined ⅛ point on average.

The high Eurodollar rates also led yesterday to a new record coupon level for a floating rate note. Citicorp's issue due 1994 was fixed at 18 13/16 which had the effect of depressing other issues whose coupons had recently been fixed at lower levels.

Venezuela obtains two loans

BY PETER MONTAGNON

TWO VENEZUELAN entities, the steel concern Sidor and the electric utility Cadafe, are raising medium term credits totalling $377m in the Euro-currency markets.

Sidor's borrowing takes the form of a $260m package, comprising financing at eight years over both prime rate and Libor, as well as a floating rate note. Cadafe is making its first-ever entry to the syndicated loan market with a $117m, eight-year credit at ⅞ per cent over Libor.

The spread is somewhat more generous to the borrower than those on the $105m Libor-related tranche of the Sidor financing, which is split at ⅞ per cent and 1 per cent over four years each. The Sidor tranche over U.S. prime rate is also $105m, with a spread of ½ per cent for four years, rising to ⅝ thereafter.

Meanwhile, Sidor will also issue a $50m floating rate note, for which terms have yet to be decided. The whole package is being managed by a group of six banks — Bank of Montreal, Bankers Trust, Chemical Bank, Citibank, Lloyds Bank International and Commerzbank.

The Cadafe financing is being arranged by Dresdner Bank International and Banque de l'Indochine et de Suez.

News of the loans follows hard on the heels of Venezuela's decision to drop plans for a State guaranteed 500m credit that was to have been arranged by Bank of America. This had prompted bankers to suggest that the country might be shifting its borrowing emphasis away from medium-term credits because of the difficulties experienced in obtaining parliamentary approval for such loans.

In the case of the two present loans, no State guarantee is being given, although both borrowers are effectively controlled by the Venezuelan Government. Parliamentary authorisation is thus not necessary.

At the same time, Venezuela has been scaling down substantially its foreign borrowing requirements for this year. These were earlier put at $2.8bn, but the amount has been reduced because of the impact on the balance of payments of higher oil prices.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	78⅛	78⅝	−0⅛	+0⅞	14.33
Alex Howden XW 9½ 91	30	†70	72	0	0	14.96
Australian Res. 9¾ 84	30	84	84½	−0½	+0⅛	14.68
Avco O/S Cap. 10¼ 87	40	74½	75½	+0½	+0¼	16.39
Beneficial Fin 9¾ 87	100	78⅞	79⅜	−0⅝	+0⅜	14.52
CECA Grad. Rate 12 86	100	88¾	89¼	−0¼	+0⅞	14.63
CECA 11⅝ 90	50	84¼	85	−0⅛	+2⅞	14.65
Canadian Pacific 9¼ 89	50	78¼	78¾	0	+2	14.03
Carter Hawley 9¾ 86	50	80¼	80¾	−0½	+1½	14.65
Comalco Inv. E 10¼ 91	40	77¾	78¼	−0⅜	+0⅜	14.27
Continental Grp. 9⅝ 86	100	80⅜	80⅞	−0¼	+1⅛	14.47
Dome Petroleum 10 94	50	74⅜	74⅞	−0¼	+5⅝	14.21
Dominion Bridge 10¼ 84	30	87½	87⅞	−0⅜	+1	14.27
EIB 11⅛ 92	80	82⅛	83⅛	−0¼	+1⅛	14.92
EIB 10⅝ 97	100	†80¼	81	−0⅜	−2⅞	15.09
EIB 10.15 99	100	†72¼	73¼	−0⅛	−1⅛	14.88
Ekportfin 11½ 87	50	86¾	87¼	−0¼	+1¼	14.33
Export Dv. Cpn. 9¾ 84	100	84⅛	84⅝	−0⅛	0	14.70
Export Dv. Cpn. 9⅜ 84	150	84½	85	−0⅛	0	14.56
Finland 9⅝ 89	100	†74⅝	75¼	−1¼	0	15.15
GTE Finance 9¾ 89	55	77¼	77¾	−0¼	+1¼	14.23
GMAC 9¼ 86	100	80¼	80¾	−0½	+1⅛	14.10
GMAC O/S Fin. 11 84	100	89¼	89¾	−0⅛	+0⅜	14.13
Gould Int. Fin. 9¾ 85	50	83⅞	84⅜	−0⅜	+0½	14.43
ITT Antilles 9½ 89	75	74⅝	75⅛	−0½	+0⅛	14.64
Kennecott Int. 9½ 86	100	78¼	78¾	−0¼	+2½	15.05
Manitoba 9½ 89	75	77⅛	77⅝	−0⅜	+1⅛	14.08
Michelin 10 94	125	71⅞	72⅜	0	+0⅛	14.73
Nat. Des. Telecm. 9½ 86	100	80¼	80¾	−0½	−0⅛	14.39
New Brunswick 9¾ 94	75	73	73½	−0⅛	+1⅝	14.26
Newfoundland 10 94	50	72⅞	73⅜	+0⅛	+3⅝	14.57
Norges Komm. 9⅞ 99	100	†71	71½	0	+0¼	14.79
Norway 9½ 84	150	84⅝	85⅛	−0⅜	+0⅛	14.58
Nova Scotia Pwr. 9¾ 89	50	76⅞	77⅜	−0½	+1⅛	14.37
Occidental Fin. 10¼ 84	50	*86	86½	−0¼	+1	14.80
Orient Leasing 9½ 86	25	†78	78½	−0⅛	−1¼	15.03
Pennwalt O/S F 9¾ 84	25	83¾	84¼	−0⅜	+0½	15.09
Pepsico Cap. 9¾ 84	100	85¼	85¾	−0¼	+0¼	14.26
Quebec Hydro 10 99	75	69⅞	70⅜	−0¼	+3⅛	14.72
Sears Roebuck 9 82	150	89½	90	−0⅛	−0⅛	15.49
Statoil 9⅝ 89	100	76⅞	77⅜	−0⅜	+0¼	14.14
Sweden 9¾ 89	100	77⅝	78⅛	−0¼	+0⅞	14.20
Sweden 9½ 86	200	†81⅜	82⅜	0	+1⅛	14.50
Sweden 9¾ 84	100	84¾	85¼	−0⅜	0	14.51
Unilever NV 9¾ 87	100	78⅜	78⅞	−0½	+1	14.14
Warner-Lambert 9 84	100	83⅜	83⅞	−0⅜	−0⅛	14.30

Average price changes... On day −0⅛ on week +0⅜.

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	94½	95	−0⅛	−1⅛	8.99
Asian Dev. Bk. 7¼ 89	100	85½	86	−0⅝	−1⅛	9.61
Australia 8¼ 90	250	97½	98½	−0¼	−0½	8.43
Barclays O'seas 6¾ 89	100	82⅝	83⅝	+0⅛	−0⅞	9.60
BFCE 7¾ 87	100	90¼	91	−0⅜	−2⅜	9.67
BFCE 8¼ 95	100	87¾	88¾	−1½	−3⅜	9.69
Brazil 8 87	150	84½	85½	+1	−5	11.05
CECA 7 91	150	85⅞	86⅜	+0⅛	−0⅞	9.00
Council of Eur. 7¼ 89	100	88⅝	89⅝	0	−0⅛	9.06
Denmark 7⅞ 86	100	91¼	91⅞	−0⅛	−1⅞	9.83
Denmark 8¼ 92	100	90¼	91⅛	−0⅜	−3	9.58
EEC 7⅞ 94	225	87¼	88⅛	−0⅜	−3⅜	9.39
[illegible] 7¼ 89	200	87⅛	88⅛	−0½	−2¼	9.64
Finland Rep. of 8 86	150	90⅞	91⅝	−0¼	−2⅜	9.81
Kobe, City of 7¾ 89	150	83⅜	84⅜	−1½	−1¼	9.76
Neder. Gasunie 8 86	100	91⅝	92⅜	−0¼	−5½	9.60
New Zealand 7⅛ 87	200	87⅛	87⅞	−1	−2⅜	9.51
Norges Komm. 7¾ 91	150	88⅞	89⅞	+0⅛	−1⅛	9.30
Norway 6¾ 84	200	89⅜	90⅛	−0½	−0⅜	9.35
Norway 7½ 85	250	91⅞	92⅞	−0⅛	−1⅛	9.52
OKB 6 87	40	†85	86	0	−1½	8.90
OKB 7⅜ 89	100	86⅛	87⅛	−0⅛	−1⅞	9.56
World Bank 7¾ 91	400	87⅜	88⅜	−0⅜	−1⅜	9.56
World Bank 7⅞ 90	250	88⅞	89⅜	−0⅜	−2⅛	9.61

Average price changes... On day −0¼ on week −1⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	84¼	84¾	−0¼	−3¼	7.90
Aumar 5 89	60	80¼	80¾	−0¼	−7¼	8.04
Australia 3¾ 89	250	84	84½	+0⅛	−0⅝	5.94
Bergen, City of 4¾ 91	40	85	85½	+1⅞	−1⅛	6.65
BNDE 5 89	75	77½	78	−1½	−3⅛	8.53
BMW Overseas 4¼ 91	100	84⅛	84⅝	−0⅛	−0½	6.17
Caisse Nat. Tele. 4⅜ 89	100	86½	87	+0⅜	−2½	6.27
Canada 3⅝ 89	300	83½	84	−0½	−1	6.01
Copenhagen 4½ 91	60	86	86½	+0¼	+1⅛	6.20
Council of Eur. 5 89	100	85⅜	85⅞	−0⅜	−2⅜	7.09
EIB 4½ 91	100	85¼	85¾	+0¼	−2¼	6.33
EIB 4⅝ 94	100	77	77½	−1	−2	6.91
Elec. de France 4⅜ 89	100	88⅜	88⅞	+0⅛	+0⅞	5.99
GZB 4¾ 89	100	†82½	83	−0½	+0⅜	6.74
Hilti 4½ 91	35	84	84½	+1½	−4¼	6.18
Int.-Amer. Dev. 4½ 89	100	79	80	−0⅜	−2⅞	7.82
Jutland Tele. 5½ 90	50	92¾	93½	−0⅛	−1⅛	6.46
Malaysia 5 89	80	85⅜	85⅞	0	0	7.05
Nippon Tel. & T. 4⅜ 89	100	86⅜	86⅞	−1½	−2⅞	6.17
Nordic Bank 5 89	45	89⅜	89⅞	−0⅛	−1⅛	6.53
Norges Komm. 4⅜ 91	100	82¾	83½	−0⅜	−0⅜	6.49
OKB 3¾ 91	100	76	76½	−0⅛	−3⅛	6.89
OKB 4½ 91	100	80¼	80¾	−0¼	−1⅞	6.86
Oslo, City of 4⅛ 91	100	80½	81	−0½	−0⅛	6.82
Shikoku El. Pwr. 4⅜ 89	100	85⅞	86⅜	−0⅛	−1½	6.76
Spain 4 91	100	80	80½	−0⅛	−2⅞	6.56
Stawaag 4⅜ 91	50	84	85	−0⅜	−4	6.74
Voest-Alpine 4¾ 89	90	84½	85	+0½	−0½	7.05
World Bank 4⅜ 89	100	86½	87½	+0⅜	−3¼	6.51
World Bank 4⅛ 89	150	81	81¼	−1⅛	−4⅞	7.12
World Bank 4⅝ 91	100	83	83½	−1½	−3½	6.74

Average price changes... On day −0⅛ on week −2

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	83½	84½	−0¼	−2⅛	11.21
Australia 6½ 88	20	79¾	80½	−0⅛	−2¼	10.17
EIB 7¼ 89	12	85⅞	86⅞	−0¼	−1⅛	10.03
Finland 5.6 83	10	83⅜	84⅛	−0½	−2⅞	11.29
Finland 6.8 88	10	80	81	+0⅛	−1½	10.47

Average price changes... On day −0¼ on week −2⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅝ 86 C$	25	†81	81⅜	0	+0⅛	15.03
Bell Canada 10⅝ 86 C$	60	85⅜	85⅞	0	+0⅛	14.22
Cr. Foncier 10⅝ 84 C$	30	85⅜	86⅛	−0¼	−0⅛	14.26
Ex. Dev. Cpn. 10 84 C$	50	86⅞	87⅜	−0¼	−0¼	14.25
Fst. Can. Inv. 10 84 C$	50	86⅞	87⅜	−0¼	+0¼	14.25
Hudson Bay 10½ 89 C$	60	80	80½	−0¼	−0⅜	14.53
Quebec 10¾ 86 C$	50	81⅜	82⅞	−0⅜	+0¼	14.85
R. Bk. Canada 10 86 C$	40	83½	84	−0⅛	+0¼	14.06
R. Bk. Canada 10 94 C$	40	74⅛	74⅝	−0¼	+1⅛	14.29
Copenhagen 8¾ 91 EUA	20	91½	92½	−0½	−1	9.93
M. Bk. Dnmk. 9 91 EUA	25	93	94¼	0	−0⅞	9.95
SOFTE 8¼ 89 EUA	40	84	85	−0⅛	−1⅛	11.03
Algemene Bk. 8¼ 84 Fl	75	92¾	93¼	+0¼	+0⅜	10.23
Ned. Gasunie 8¾ 84 Fl	50	91⅛	91⅝	+0⅛	−3¼	11.35
Ned Middbk. 8¼ 84 Fl	75	91½	92	+0⅛	−2¼	10.86
Norway 8¼ 84 Fl	100	92⅜	92⅞	+0⅛	−0½	10.59
Norway 8¼ 84 Fl	100	92½	93	+0⅛	+0¼	10.29
Philips Lamps 8¼ 84 Fl	75	92¼	92¾	0	−0⅜	10.71
Air France 11 84 FFr	120	90	91	0	−0⅛	13.92
Euratom 9¾ 87 FFr	150	78⅜	79⅜	0	−0⅜	14.61
Finland 11 84 FFr	80	88	88¾	0	−1	14.58
Finland 11½ 89 FFr	70	†86	87	0	+0¼	14.12
Gaz de France 11 84 FFr	150	89¾	90¾	0	+0¼	13.94
IBM France 11⅞ 84 FFr	120	91¼	92¼	0	−1⅛	14.33
Renault 9¾ 85 FFr	100	81½	83	0	−0⅜	14.70
Saint-Gobain 9½ 86 FFr	130	79⅞	80⅜	−0⅛	−1⅜	14.81
Solvay et Cie 9¾ 87 FFr	125	77⅞	78⅞	+0⅛	−1⅜	14.86
Total Oil 9⅞ 87 FFr	150	78½	79⅜	−0⅛	−0⅜	14.37
Citicorp O/S 13½ 90 £	50	89¼	90	−0⅛	−2⅞	15.61
EIB 11½ 91 £	25	77½	78½	+0⅛	−2⅜	15.76
Finance for Ind. 13 91 £	15	86⅜	87⅜	−0¼	−4⅜	15.50
Fin. for Ind. 12½ 89 £	30	84½	85¼	−0⅛	−2⅞	15.65
Gen. Elec. Co. 12½ 89 £	50	86¼	87	+0¼	−2½	15.33
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.74
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.72
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.52
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	9.67
Akzo 9¼ 87 LuxFr	500	92	93	−0¼	−0⅞	10.72
Euratom 8 87 LuxFr	500	85¾	86¾	−0⅛	−1⅞	10.89
Euratom 9¾ 88 LuxFr	500	94¾	95¾	−1⅛	−4¼	10.66
EIB 9¾ 88 LuxFr	600	94¾	95½	−2⅞	−5	10.69
Volvo 9¾ 87 LuxFr	500	94½	95½	−1⅜	−3¾	10.71

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97½	97⅞	2/7	15⅝	15.53
Banco di Roma Int. 6 87	0¼	98¾	99¼	26/4	15⅜	15.91
Bank of Ireland 5¼ 89	‡0¼	96⅝	97⅛	21/5	16⅛	16.65
Bank of Tokyo 5¼ 89	‡0⅛	96¾	97¼	25/4	14.56	15.07
Barclays O/S Inv. 5 90	0¼	96	96½	13/6	14¼	14.81
Bergen Bk. A/S 6 89	‡0¼	97⅛	97⅝	29/5	17⅛	17.72
Bque. Indo Suez 5¼ 89	0¼	97¼	97¾	11/7	14.69	15.06
Citicorp O/S F. 6 94	‡0¼	98¼	99¼	8/3	14.44	14.59
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/5	16.06	16.16
Citicorp O/S F. 84	‡0	99¾	99¾	30/5	16.94	17.02
Co-operative Bk. 6 86	0¼	97¼	97⅞	15/5	15.06	15.43
Creditanstalt 5½ 91	§‡0¼	98¼	98¾	14/3	14⅞	15.10
CNT 5¼ 86	§0¼	98⅛	99¼	16/4	15.19	15.34
GZB 5½ 89	‡0¼	97¼	97¾	1/5	14⅝	15.00
Jugobanka 8 89	0⅞	92½	93½	23/5	16	17.20
Ind. Bank Japan 5¼ 87	0¼	97¼	97¾	15/4	14¼	14.62
LTCB Japan 5¼ 86	0¼	96½	97	13/6	14¼	14.73
LTCB Japan 5½ 89	0¼	96⅛	96⅝	7/6	14.19	14.72
Mfrs. Han. O/S 5¼ 94	‡0¼	98⅛	98⅝	30/5	17⅛	17.39
Midland Intl. Fin. 5 89	0¼	98⅜	98⅞	20/6	15	15.21
Nacional Fin. 6¼ 86	0¾	96¼	96⅞	25/7	14.69	15.20
Nat. West. 5¼ 94	§0¼	97⅛	97⅝	11/4	14.94	15.34
Nippon Credit 6½ 86	0⅛	96⅛	96⅝	12/7	14.44	14.94
Nippon Credit 5¼ 87	‡0¼	96¾	97¼	6/5	14.69	15.14
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅛	98⅝	11/4	14⅝	14.87
Soc. C. de Bque. 6½ 87	0¼	96¼	96¾	3/4	13¼	13.73
Soganal 5¾ 89	§0¼	96⅛	96⅝	13/7	14.44	14.96
Standard Chart. 5¼ 90	0¼	98⅛	98⅝	6/9	17¼	17.51
Sweden 8¼ 91	‡0¼	†96⅞	97⅜	18/4	14.44	14.87
TVO Pwr. 9 91 (D-lock)	0¼	96⅞	97⅛	24/5	15.38	15.81
Williams & Glyn 5¼ 91	0⅛	97½	98	14/3	13	13.30
Bq. E. d'Alg. 4¼ 89 SF	0⅞	91¾	92½	18/6	6.69	7.28

Average price changes... On day −0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	10/79	145	115	116	−0⅝	−7.14
Ajinomoto 7¾ 95	2/80	618	88	89	−2	2.13
Alco Int. Fin. 9½ 94	1/80	40	90⅝	91½	−0⅜	21.82
Asahi Optical 7 94	11/79	605	†77¾	78¾	−1⅛	−3.67
Canon 6¾ 94	8/79	570	96⅞	97¼	−1⅞	4.13
Ciba-Geigy O/S F. 4 94	9/79	675	†81½	82½	−0½	3.65
Credit Suisse 4¾ 93	10/79	1325	97	99	−1⅛	−5.12
Daiei Inc. 6½ 94	11/79	1020	88½	89½	−0⅜	21.96
Ensearch Fin. 9½ 94	7/80	30.25	106	107	−1	3.95
LPC Internatl. 8 89	9/79	23.33	††115	116	−0½	7.78
Meidensha Elec. 7 94	12/79	210	†86¼	87¼	−2	8.39
Mitsubishi Cp. 6½ 94	10/79	604	117¾	118¾	−0⅛	0.07
Nippon Seiko 7¼ 94	12/79	339	†98¼	99¼	−1	−4.28
Nitto Elec. Ind. 6 94	7/79	735	67½	69	−0½	3.80
Toshiba Cpn. 7¼ 94	10/79	198	86⅞	87⅞	−1⅜	−1.44
Union Bk. Switz. 5 89	2/80	125	93⅜	95⅛	−1½	−6.99
Fujitsu 5 84 DM	7/79	475	89⅝	90¼	−0⅛	17.81
Kansai Elec. 4 84 DM	4/79	1234	81⅛	82½	−0¼	48.51
Tokyu Ld. Cp. 4 86 DM	4/79	493	72¼	73¼	−0⅜	33.82
Uny Co. 6½ 85 DM	11/79	1071	86⅞	87⅛	−0½	28.86

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Kenneth Gooding reports on the sales strategy of a major West German car maker

Slipping exports into overdrive at BMW

THE CURRENT decline in car sales in Germany and the expected low growth in that market is forcing BMW to concentrate even more heavily on exports.

Traditionally the company has split sales 50-50 between home and export markets, but this year export business will represent more than 55 per cent of the total. Mr. Hans Erdmann Schoenbeck, sales director, commented: "This will increase."

This year, much depends on the U.S. market, the biggest for BMW outside Germany. Mr. Schoenbeck said that there was the danger of an emotional reaction to the current high level of total car imports to the U.S., a record 27 per cent in February.

Although the Japanese accounted for most of the imports, if the U.S. Government acted it would necessarily affect all car importers, not just the Japanese. The indications were that the U.S. Government did not want to restrict imports "but one emotional event could change the political balance."

For the present, however, BMW hoped to do better than the total market performance in the U.S. and marginally increase sales this year from 36,000 to between 37,000 and 38,000.

BMW took over its own import organisation in the U.S. four years ago and has been strengthening it. Mr. Schoenbeck said there would soon be a carefully planned increase in dealers from 400 to 450.

Further increases would depend on how quickly BMW gets its planned new car plant on stream. It has a short list of five site in southern Germany and Austria for a new 150,000-a-year car plant to come on stream in 1984-85. That would represent a big increase to BMW's output, scheduled to be about 355,000 this year against 336,000 last year.

It is still the intention to restrict sales in Germany to between 6 and 7 per cent of the market, to keep the marques exclusive. Export markets will thus take most of the increased output.

The group expects the German car market to fall by 8 to 10 per cent this year and continue its decline in 1981. Its target for the home market represents a 3 per cent fall in unit sales from 162,000 last year to 157,000 this year.

The general weakness in the European car sales has halved BMW's order books since January, 1979. But the plants still worked extra shifts in January and February to cut back the waiting lists for the smaller, 3-series cars, for which there was a year's wait at the beginning of 1979. In April there will be extra shifts on all models.

Despite the trend away from cars with large engines, BMW will continue to produce about 180 a day of its large 6 and 7-series cars. "A certain number will be needed in the world, not just wanted, to represent a company's prestige and so on," Mr. Schoenbeck declared.

Cartel appeal by Bayer

By Roger Boyes in Bonn

BAYER, one of the three leading West German chemical concerns, has appealed against a German Cartel Office ruling that bars a proposed merger with Roehm, an important plexiglass manufacturer.

The move comes as a surprise. It was previously understood that Bayer would abandon its attempt to buy a controlling share of Roehm; Bayer executives said yesterday, however, that the company was still interested in Roehm, although no new strategic decisions had been taken.

Bayer had earlier attempted to acquire at least 50 per cent of Roehm. The period set aside for appeal runs out soon and yesterday's move was aimed at ensuring that its case is not lost by default.

The West Berlin-based Cartel Office has opposed the merger on the ground that Roehm's leading position as a plexiglass producer in Germany would assist Bayer's "market-dominant" role in engineering plastics, particularly polycarbonates. Bayer maintains that competition would not be substantially undermined.

Other chemical concerns—notably BASF—have been wooing Roehm on the principle that it would significantly extend their product palette and strengthen their position on the U.S. market, where Roehm is active.

After considering the various Cartel obstacles to raising its stake, BASF recently sold its 39.1 per cent share for DM 90m ($51m) to Chemische Werke Huels, a subsidiary of the Veba oil and chemicals group.

Roehm's group sales reached about DM 1bn last year while BASF and Bayer recorded sales of well over DM 20bn.

Windfalls aid Total investment

BY TERRY DODSWORTH IN PARIS

WINDFALL profits produced by the sudden upsurge in oil prices last year are to be used by Compagnie Française des Petroles, the French Total oil group, to step up its lagging investment programme.

The company said yesterday that since the first oil crisis in 1973-74 it has had to trim its development targets because of its low profitability.

But in the next decade it intends to proceed with a wide programme aimed at discovering more oil and exploiting other forms of energy, such as coal, solar power and uranium.

Total's provisional consolidated figures show that turnover rose last year from FFr 53bn ($12.6bn) in 1978 to FFr 80bn ($19bn). No profits figure is yet available, but the impact of the increased sales on earnings is indicated by the pronounced jump in cash flow from FFr 3.3bn to FFr 9.5bn.

To cast a more sober light on the figures, Total has calculated that the effects of the revaluation of stocks included in last year's cash flow sum amounted to about FFr 3.7bn.

Since the company regards that as an accounting quirk rather than a real improvement, it believes that cash flow should be estimated at about FFr 5.8bn to give a truly comparable figure to the previous year.

Nevertheless, the group's improvement in its financial position has allowed it to reduce debts to a more "normal" level.

The parent company figures show that Total's sales of crude oil fell slightly last year to 70m tonnes against 71.5m in 1978. In spite of the reduction in supplies, particularly from Iran, it was able to maintain deliveries to its subsidiaries, but had to reduce supplies to outside customers.

Net profits jumped from FFr 266m in 1978 FFr 971m ($235m), within which some FFr 750m is calculated to be attributable to the effects of stock revaluations.

Total notes, however, that some of its improved profitability has come from a turnround in its troubled refinery and distribution division, which has helped it to get to a more normal rate of return on capital after several years of deficit.

The company is recommending a dividend of FFr 15 a share, against FFr 10 in 1978 and FFr 9.40 from 1973 to 1977.

Total attributes the upturn in its fortunes last year to three main factors. First, the tightening of supplies and increases in prices allowed its refinery and distribution activities to put up their prices on non-taxed products.

Secondly, there has been a distinct change in French Government policy on price control in the industry. From the end of 1978, the French oil companies, in which the State has substantial share holdings, have been able to adjust their prices more easily according to a formula based on the price of crude oil and the dollar exchange rate.

Thirdly, measures to rationalise and modernise the transport and distribution activities have begun to pay off.

Orders leap by 18% at Demag

By Our Bonn Staff

MANNESMANN DEMAG, the key West German machinery and plant construction concern, has increased its sales and recorded an 18 per cent leap in new orders over the past year.

The company, a subsidiary of the Mannesmann steel and engineering group, said in a shareholders' letter that new orders reached DM 3bn ($1.7bn) last year, thanks to strong demand at home and overseas.

Foreign business accounted for 66 per cent of the orders and the main growth area was the plant division, which saw a 21 per cent rise.

Turnover meanwhile rose by 12 per cent to DM 2.6bn ($1.47bn), although that was influenced by the registration of two large overseas deliveries: the Wuhan rolled steel mill to China; and foundry plant to Venezuela.

Those clearly helped to push up the overseas proportion of turnover from 64 to 67 per cent. Total orders in hand have increased by 10 per cent to DM 3.5bn.

Demag remains the strongest section in the Mannesmann group. Its healthy position largely reflects the generally good condition of the German capital goods market. Demand is high and German industrialists' investment confidence, by most estimates, has been remarkably strong in spite of gloomier growth forecasts.

According to Demag calculations, the main impulse in machine and plant construction has come from inside Germany, where demand is up by 11 per cent, sustained by a steel revival and a continuing boom in the motor and construction industries. Foreign demand for German machinery and plant was however up by only 5 per cent last year.

Demag seems to have hung on to its export advantages, in spite of that development, partly as a result of building up a solid business infrastructure abroad: it has 17 domestic and 15 foreign plants. But one of the most important factors has been Demag's commitment to high research and development spending, which has allowed it to broaden its product range.

R and D spending by Demag has consistently hovered at about 2-3 per cent of sales. DM63m was allocated in 1979.

Sales expand at Bertelsmann

BY KEVIN DONE IN GUTERSLOH

BERTELSMANN of West Germany, the world's third largest media company after the American groups CBS and RCA, expanded worldwide sales in the year ended June 1979 by just under 15 per cent to DM 3.9bn. Herr Reinhard Mohn, chief executive of the family-owned group, expects a further growth in the current year of at least 18 per cent to DM 4.7bn.

Following the takeover in recent months of an American record company and a printing concern in the U.S., Bertelsmann is planning the expansion of its network of book club businesse to the U.S.

The book and record clubs, at present established in 33 countries, accounted for a third of the group's total turnover in 1978-79. Market studies for establishing a U.S. book club are now being prepared. Bertelsmann, which faces severe Cartel Office problems in expanding further in West Germany, is concentrating on widening its interests in the U.S.

Unusually the growth last year came from the group's existing activities and not from further takeovers, which have been a major feature of Bertelsmann's expansion in recent years.

The most dynamic growth is occurring overseas because of cartel restrictions in the home market, and last year foreign sales amounted to 37.1 per cent of the total. This stands in marked contrast to the performance of five years ago, when foreign sales represented only 21 per cent of total sales of DM 2.1bn.

Major moves into the U.S. market started in 1977 with the takeover of 51 per cent of Bantam Books (the Corgi label in the UK). Last year Bertelsmann's magazine publishing subsidiary Gruner and Jahr launched a U.S. edition of its Geo magazine, which could be a potential rival to the long-established and popular National Geographic, and it also owns the U.S. magazine, Parents.

Gruner and Jahr, in which Bertelsmann holds 74.9 per cent, increased its sales last year (1978-79) by 19 per cent to DM 1.1bn. Its German titles include Stern, a leading weekly magazine, Brigitte, the fashion monthly and Capital, a monthly business magazine.

Rights issue as Credit Suisse lifts earnings

By Our Financial Staff

INCREASED profits and a rights issue to raise around SwFr 300m ($178m) were announced yesterday by Credit Suisse, one of the big three banks in Switzerland.

Net profits for 1979 are 12 per cent higher at SwFr 247m after a depreciation charge which has risen from SwFr113m to SwFr 132m. Dividends are being maintained at SwFr 80 and SwFr 16 per bearer and registered share.

The rights issue will involve the bank's full range of capital and will be made on a one-for-10 basis. The bearer element will be offered at SwFr 1,250 a share and the registered shares at SwFr 250 each. A further SwFr 30m nominal of new bearer shares are also to be made available.

The funding will increase capital to SwFr 1.34bn, with open reserves rising to SwFr 2.67bn.

Fewer homes by Neue Heimat

BY OUR FRANKFURT STAFF

DESPITE the partial recovery in house-building in West Germany last year, Neue Heimat, the country's leading housing management group, saw the number of new homes completed fall by 12 per cent to 9,282. The main decline came in the domestic market, where completions fell by 20 per cent to only 7,883.

Neue Heimat, owned by the leading West German trades unions and one of the biggest "landlords" in Western Europe, still achieved a marginal increase in group turnover, however, to DM 5.4bn ($3bn) compared with DM 5.2bn in 1978.

Profitability has been helped, although no figures have yet been released, by increased rents and by the successful letting of most of the group's housing stock.

There was also a sharp drop in the number of new houses on which construction was started, the total falling from 12,134 in 1978 to 10,224.

Despite Neue Heimat's trades union ownership and the parlous state of current building of homes for rent in the Federal Republic, more than three fifths of the group's new houses that began construction last year are of the private home-buying market.

Demand for rented accommodation in several large cities such as Munich, West Berlin, Stuttgart and Frankfurt is far outstripping supply, but Neue Heimat claims that construction in that sector is suffering from very high building costs, expensive financing and insufficient public funding. Private-sector financing of new homes for rent is practically "dead," the housing group says.

Neue Heimat itself has come in for harsh criticism from many of its tenants for insensitive policies towards the renting sector and for the ineffective use of public funds in some of its main building projects.

Apart from home building and operation, which accounted for DM 4.1bn, or three quarters of last year's turnover, Neue Heimat is also involved in public-sector building, including hospitals, schools and administration buildings.

Burmeister in SwedYard link

By Our Copenhagen Correspondent

BURMEISTER & WAIN, the Danish shipbuilding and industrial group, has agreed with SwedYards, the Swedish State shipbuilding group, to set up a company to develop, produce and market turnkey diesel electricity generating plants.

The deal will enable B & W to expand a successful business started two years ago, selling diesel generating plants to the Middle East.

Bergen Bank advance

By Fay Gjester in Oslo

BERGEN BANK, one of Norway's three largest commercial banks, more than doubled net profits last year to NKr 61.9m, while assets increased by 19 per cent to NKr 14.3bn. Part of the increase reflects the acquisition last year of a small local bank.

The bank, which lost several important customers after the 1978 results, says it has continued to gain new ones. Disappointment with its performance also led many shareholders last year to sell out to the State, now Bergen Bank's largest single shareholder.

Astra moves forward

BY VICTOR KAYFETZ IN STOCKHOLM

ASTRA, the Swedish pharmaceuticals company, reports that 1979 pre-tax earnings were SKr 152m ($36m), an increase of 24 per cent for units remaining after last year's disposal of two non-pharmaceutical subsidiaries and termination of joint marketing with Ciba-Geigy in the Nordic countries.

That is slightly better than the SKr 150m stated in the January preliminary report. Astra's earnings improvement was attributable to markets outside Sweden.

As it promised in last year's prospectus to a new share issue, the board yesterday recommended a dividend of SKr 5 a share, up from an adjusted SKr 4, for a payout totalling SKr 27m.

The company announces a new agreement with the French subsidiary of Searle, the U.S. pharmaceuticals company, for marketing Astra products in France for five years. Astra recorded a 30 per cent growth in its sales in France last year.

Progress by Swiss insurer

By John Wicks in Zurich

NET PROFITS of General of Berne, the Swiss insurance company, rose from SwFr 5.19m to SwFr 5.63m ($3.29m) last year after total premium income had improved by 9.6 per cent to SwFr 264.69m ($154.9m). Underwriting business showed satisfactory results, with generally smaller claims than in 1978.

At the March 31 annual meeting, shareholders will be asked to approve distribution of a SwFr 70 dividend on General of Berne shares

Sharp profits gain for East Asiatic

BY HILARY BARNES IN COPENHAGEN

EAST ASIATIC reports an increase in pre-tax profits from DKr 227m to DKr 460m ($83.7m) for 1979 and in profits after depreciation and financial costs from DKr 176m to DKr 432m. The board proposes an unchanged 10 per cent dividend. Turnover last year rose from DKr 18.5bn to DKr 20bn ($3.64bn).

The trading and shipping company said that unsettled world conditions, especially exchange rate instability and a consequent high interest rates had hindered trading. Financial costs rose, partly as a result of the depreciation of the Danish krone.

All foreign exchange debts were adjusted, and financial costs rose from DKr 414m to DKr 601m.

The company commented that freight rates had improved noticeably, especially in bulk carriers and tankers, at the end of last year, and as the average age of ships in the company's fleet was only three and a quarter years they were well placed to take advantage of those developments.

The company had carried out considerable structural changes in recent years. The conversion of branches in the Far East to subsidiary companies had been particularly well received.

Continued progress in trade with China "cannot be overrated," the company said. It has traditionally had close ties with China and has played a leading role in developing Western trade with China over the past few years.

CORPORATE PROFITS

Upturn forecast in Japan

BY YOKO SHIBATA IN TOKYO

BY YOKO SHIBATA in Tokyo
JAPANESE companies appear *to be heading for record earnings* in the half-year ending September, after a temporary slowdown in the current half year to March, despite various adverse factors—such as inflation and tighter credit policies — which threaten earnings margins.

A survey by Nihon Keizai Shimbun, the nation's leading economic daily, covering some 850 corporations listing on the stock exchanges, revealed that a 30.2 per cent increase in operating profits is expected in the half-year ending September, from the previous half-year level, although the operating profits in the current half will be down 21.3 per cent.

Japanese corporate earnings, which reached a fourth consecutive record in the half-year to *last September, will decline* in the current six months because of losses experienced *by nine electric power companies*; which did not raise rates (they are planning to go up in April). The electric power companies excluded, Japanese corporations expect their operating profits to be steady in the current half-year, and to suffer a slight setback, of 2.8 per cent, in the six months to September.

This indicates that corporate earnings are not falling back into recession, as was feared might happen as a result of spiralling oil prices and inflation.

The Nihon Keizai's report points out that Japanese corporations' confidence in the earning picture for the September half is reflected in one out of five companies planning to increase its dividend or to resume dividend payment in the current half year, ending March.

In the current half, 18 industrial *groups out of a total 33* are expecting to boost earnings, or to return to the black at *operating profit* level, led by cyclical industries such as oil, non-ferrous metals, chemicals and shipping. These industries are able to pass higher material costs on in selling prices, helped by customers' advance purchasers, based on the expectation of further price increases. For example, oil refiners expect record earnings for the current half year, helped by price rises on seven occasions since March.

The nine electric power companies are expecting provisional losses of Y290bn ($1.1bn) in the current half-year.

In the half ending September 17, industries foresee a return to the *black or increased operating* profits. This means no Japanese industries running deficits. *This buoyancy in earnings* is led by export-oriented and capital investment related *industries*. Export-oriented industries such as electric appliances, automobiles, communication and precision machinery are expected to benefit from the yen depreciation.

Even the shipbuilding industry, which has long been in recession is expected to share in the upward trend of earnings this half and next, as a result of rationalisation measures and the recovery in ship price.

Supported by the continuing strong private capital investment programme, the machine tools and industrial machinery industries are expecting to improve earnings *further in the* September half.

According to a survey conducted by the Japan Development Bank, fixed private capital investment in fiscal 1980 (starting April) *will be 13.1* per cent higher than the previous fiscal year. Investment in the expan*sion of capacity will increase for* the first time since 1973, while investment for rationalisation, and labour saving will be less.

Japanese banks return to Euroloans

By Richard C. Hanson in Tokyo

THE JAPANESE monetary authorities will permit commercial banks to make commitments on new Eurocurrency long-term lending from April 1, but the banks will be placed under individual limits on the amount of the loans.

The decision has not been formally conveyed to the banks, nor have the details of what matching funding will be required or what the ceilings will be. Government officials confirm, however, that the April 1 date has been set.

This will mean that Japanese banks will be able to participate in international syndicated loans for the first time since last *October, when the Ministry of* Finance stopped approving them.

The MOF was concerned that the banks had become too active overseas.

Under the new guidelines, the banks will be monitored closely, so as not to become a disruptive force in international capital markets.

Sanyo Electric ahead

BY JOHN WICKS IN ZURICH

CONSOLIDATED net earnings of Sanyo Electric Company, of Japan, rose by some 14.9 per cent in the year to November 30, to a record Y21.39bn ($87m), on a provisional basis. This disclosed by Mr. Yoshifumi *Miyamoto, the executive managing* director, in Zurich on the occasion of the issue of con*vertible Swiss franc bonds.*

Estimated turnover also reached a record level in the year, consolidated sales growing by 14.3 per cent to Y754.1bn ($3.07bn). Of this, domestic *turnover was up 16.5 per cent* to Y376.63bn and foreign sales 12.1 per cent to Y377.47bn. ......

Capital expenditure amounted to Y16.44bn last year and should double to Y32bn in the current fiscal year.

Mehta sets up again in Uganda

By John Worrall in Nairobi

THE MEHTA GROUP, based in Kenya, is to run *jointly with* the Uganda Government major companies involved severally in *sugar, steel, tea and cables.* Agreements to this end have been signed in Kampala.

All the companies were seized by Idi Amin, the former President, when he drove the Asians out of Uganda in 1972.

BMI lifts dividend after sharp profits rise for half year

BY JAMES FORTH IN SYDNEY

BMI, the major building materials group, has raised its interim dividend following a sharp jump in earnings for the December half-year, but the directors caution that the growth rate may not be maintained fully in the current six months. Pre-tax profit jumped 84 per cent to A$13.9m (US$15.3m), but the tax provision leapt from A$1.5m to A$5.0m, resulting in net earnings rising 44 per cent, from A$5.8m to A$8.4m.

The interim dividend has been raised from 3.75 cents to 5 cents a share. Last year, BMI paid a final of 4.25 cents, which increased the total payout from 7.5 cents to 8 cents. The directors said that they expected a year-end result "well in advance" of the previous year although not at the annual rate *of growth achieved in the* December half.

Group turnover rose by the *more modest figure of 26* per cent to A$128m. The directors attributed the improvement to *improved margins flowing from* continuing cost reductions and the recovery of selling prices in most markets.

They said that sales of construction materials continued to strengthen on higher demand from all consumer groups and from favourable weather conditions.

Market shares were generally maintained. Housing-related activities benefited from the surge in building starts in New South Wales, with all companies servicing that market posting substantial gains in turnover and profit. The directors also forecast a solid recovery in the *city office building market with*in the next two years. All timber operations experienced *better margins and high* demand.

Saudi businesses hit by record interest rates

BY JAMES BUXTON IN RIYADH

RECORD SHORT-TERM interest rates on Saudi riyals are causing problems for businesses in Saudi Arabia. In the past few days the one-month inter-bank lending rate has been at about 18 per cent, compared with 6 *per cent to 8 per cent only* a month-and-a-half ago.

Overnight inter-bank rates have risen to a notional level of 30 per cent to 35 per cent, though no transactions have *been made at these levels.*

The basic cause is the high level of dollar interest rates, *which has caused an outflow of* funds from the Kingdom. Another factor, bankers and businessmen believe, is that despite record Government spending commitments some payments by the Government running unusually late.

Shortage of domestic currencies is a phenomenon which has affected several oil states over the past year as a result of the outflow of funds into foreign currencies as foreign interest rates have risen. It is particularly serious for businesses which are borrowing to finance contracts against future payments.

Though the Government expects to spend about SR 200bn ($60bn) this financial year, end*ing in May—36 per cent more* than in the previous year—some contractors have been waiting longer than usual for payment on work completed. Saudi Government payments are always fairly slow.

Short-term interest rates on the Saudi riyal are slightly above those for the dollar, while longer-term rates are lower because many Saudi businessmen have been expecting the *Saudi Arabian Monetary Agency,* the central bank, to slightly devalue the riyal against the *dollar, to reflect the change in* the value of the Special Drawing Rights to which the riyal is linked. But so far SAMA has not moved. Under the "sticky float" system adopted for the riyal it is often possible for businessmen to foresee currency realignment and act accordingly.

Deutsche Bank in new yen credit scheme

BY OUR TOKYO CORRESPONDENT

DEUTSCHE BANK in Tokyo is pioneering a new type of medium-term overseas floating rate yen loan-based on the rates on the yen-denominated certificates of deposits (CDs), issues of which were first permitted last spring.

News that the German bank is negotiating such a loan is likely however, to meet opposition from the long-term credit banks which are averse to CD funding and which traditionally lend at fixed rates.

Deutsche Bank said that it is *trying to arrange a five-year loan* for one of its international clients. This would carry an *interest rate set at a spread* above the domestic yen CD rate. According to the Japanese press, the client is a Liberian based shipping company controlled by the Hong Kong shipper, Sir Y. K. Pao, and the yen 1bn loan would be used to buy ships in Japan.

The idea of basing an international yen loan on the CDs is appealing as a way of expanding the business of a foreign bank. First, in the eyes of the monetary authorities, such a *loan, so long as it is funded by* placing the yen CDs overseas, poses no threat to the balance *of payments. It also fits nicely* into the Governments plans to bolster its currency by attracting *international funds into yen* deposits.

Early this week, the Ministry of Finance said it intended to increase the flow into Euroyen by making possible transfers from overseas branches of banks to the home office in Japan, and by permitting floating rate interest payments on non-resident yen deposits made by central banks.

Deutsche Bank, along with *other foreign bank branches in* Tokyo, has always faced the problem of securing adequate *funding on which to base long* term lending. It considers the potential for using CDs as good, once the authorities ease the ceilings now imposed on CD issues. Foreign banks can issue only up to 10 per cent of their outstanding yen loans, while Japanese banks are permitted to issue up to the equivalent of 25 per cent of their equity.

APPOINTMENTS

Amex director for corporate finance

American Express *International Banking Corporation* has appointed Mr. V. Victor Suhar as executive director of AMEX BANK, its investment banking subsidiary. Mr. Suhar will report to Mr. Richard Fenhalls, managing director, and will be responsible for corporate finance worldwide. For the last 10 years Mr. Suhar has been associated with the Irving Trust Company in America and London where he was vice-president and *manager of the International* Corporate Finance Group.

★

Mr. Patrick Forbes has been appointed regional co-ordinator of MOET-HENNESSY in the UK responsible for the group's subsidiaries in this country. Mr. Forbes is vice-chairman and managing director of Moët and Chandon (London) and vice-

Mr. Patrick Forbes

chairman of Parfums Christian Dior (UK) and Laboratoires RoC (UK), *the three Moët-Hennessy* group companies in the UK. He will be assisted in his new position by Mr. Michael Halliden, a director and company secretary of the three companies.

★

Mr. Charles Challinger has been appointed by KAY PNEUMATICS as UK sales director for *its Kay Metric Valves.*

★

Mr. Barry Spencer, managing director of Parkland Textile (Holdings), is to become president of the CONFEDERATION OF BRITISH WOOL TEXTILES *on April 18 to succeed Mr. Tom* Hibbert, who is retiring.

★

Mr. P. A. Lavington has been appointed joint managing director of PURNELL AND SONS, a BPC subsidiary.

★

Mr. Richard L. Tickell has been appointed managing director of CABOT ALLOYS EUROPE at Slough.

★

Mr. I. S. Wallace has been appointed a director of HARTLEY COOPER HOLDINGS

★

SAUDI INTERNATIONAL BANK (Al-Bank Al-Saudi Al-*Alami) has appointed Mr. E. F.* Nightingale as adviser attached to the investment management division. Mr. Nightingale recently retired as senior international executive at National Westminster Bank where he was responsible for the Africa/Middle East Region.

★

The Minister for Trade has appointed Mr. J. R. Mayhew-Sanders, chairman and chief executive, John Brown and Co., as chairman of the OVERSEAS PROJECTS BOARD in succession to Mr. H. W. A. Francis, who is *retiring after having* chaired the board since its inception in 1977.

★

Mr. Eddie Storey has been appointed to the Board of INGERSOLL ELECTRONICS as sales director. He succeeds Mr. Ray Bent, who is now a director and general manager.

★

Mr. Eric J. Holt has been appointed director of London sales for PULLMAN KELLOGG and continues to be based at the Wembley (London) headquarters.

★

Mr. Brian Redhead, journalist and broadcaster, has joined the Board of WORLD WIDE PICTURES.

★

Mr. David W. Elliott has been appointed managing director of ROWENTA (UK). He was previously director of marketing. *The company is now a separate* operating concern within the Sunbeam Corporation of America.

★

Mr. Nigel Turnbull has been appointed secretary of NOBLE GROSSART. He was previously a director of Lloyds and Scottish Finance.

★

Mr. H. V. Gort is to retire as chairman and managing director of ACE MACHINERY (HOLDINGS) at the end of this month.

★

Mr. M. Christopher S. Leslie, a vice president with CITIBANK N.A. *in London has been* appointed head of the oil and mining division within the institutional banking group. He replaces Mr. Peter Grauer.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15½%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

CURRENCIES, MONEY and GOLD

Volatile trading

Intervention by European central banks left the dollar below its best levels of the day, but failed to prevent a further appreciation by the U.S. currency. The dollar rose to DM 1.7945 from DM 1.7885 against the D-mark, despite support for the German currency by the Bundesbank at the Frankfurt fixing and in the open market. The Swiss National Bank also sold dollars as the U.S. unit rose to SwFr 1.7140 from SwFr 1.7100. The dollar was also stronger against the Japanese yen, rising to Y248.10 from Y247, after a slight recovery by the yen earlier this week following Sunday's measures to assist the Japanese currency.

On Bank of England figures, the dollar's index rose to 87.1 from 86.6.

Interest rate movements were reflected in the volatile nature of foreign exchange trading. Forward discounts for sterling against the dollar narrowed sharply following the rise in Eurodollar rates to record levels.

The pound opened at $2.2355-2.2365 in the spot market, and touched a peak of $2.2365-2.2375, but then lost ground on demand for the dollar. In the afternoon sterling fell to a low point of $2.2145-2.2155, where the Bank of England intervened to steady the market. With help from the authorities and some natural demand the pound recovered to $2.2325-2.2345 at the close, a fall of 80 points on the day. Sterling's index fell to 72.0 from 72.3, and was 72.1 at noon and in the morning.

D-MARK—Steady within European Monetary System, but weaker against dollar following sharp upward movement in U.S. interest rates — The D-mark showed small mixed changes against its EMS partners at the Frankfurt fixing, while improving in terms of sterling, but continuing to decline against the dollar. Early in the day it was reported that German commercial banks in the Far East had acted on behalf of the Bundesbank in selling $100m to support the D-mark before European centres opened. Later the central bank sold a further $100m to $200m in open market trading in Frankfurt during the morning. At the fixing the Bundesbank sold $98m as the dollar rose to DM 1.7944 from DM 1.7897. Expectations of a further rise in U.S. short term interest rates continued to help the dollar. Sterling was fixed at DM 4.0050, compared with DM 4.0060, and the French franc eased to DM 42.66 per 100 francs from DM 42.68.

ITALIAN LIRA — Generally firm, and close to the top of the EMS. The lira improved against sterling and the yen at the Milan fixing, but lost ground against the dollar and EMS currencies. The pound eased to L1,857.10 from L1,858.20, and the yen to L3.352 from L3.362, but the D-mark rose to L464.08 from L463.58, and the French franc to L198 from L197.81.

FRENCH FRANC — Slightly easier recently after holding top position in the EMS for several months. The franc showed little change on balance within the EMS, improving against the Belgian franc and Irish punt, but losing ground to the D-mark and Dutch guilder. Sterling and the yen eased, but the dollar was firm at the Paris fixing.

DUTCH GUILDER — Very strong within EMS and now top of the system. The guilder continued to improve against EMS members at the Amsterdam fixing, and also rose against sterling and the yen. The dollar remained firm however, and was fixed at Fl 1.9715, compared with Fl 1.9685 previously.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation. The franc was little changed against its EMS partners at the Brussels fixing.

THE POUND SPOT AND FORWARD

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2145-2.2375	2.2325-2.2345	0.15-0.05c pm	0.54	0.20-0.10 pm	0.27
Canada	2.5570-2.5785	2.5765-2.5775	1.00-0.80c pm	4.19	3.10-2.90 pm	4.66
Nethlnd.	4.36-4.41	4.40-4.41	3¼-2¼c pm	7.49	8-7 pm	6.81
Belgium	64.60-65.15	65.00-65.10	23-13c pm	3.32	56-46 pm	3.14
Denmark	12.45-12.52	12.51-12.52	¼-1¾ore dis	−1.08	5¾-7¾ dis	−2.04
Ireland	1.0775-1.0875	1.0845-1.0865	—	—	—	—
W. Ger.	3.98-4.02½	4.00½-4.01½	4-3pf pm	10.47	10¾-9¾ pm	9.60
Portugal	108.00-108.90	108.60-108.80	par-30c dis	−1.65	5-65 dis	−1.29
Spain	150.00-151.70	151.25-151.35	45-95c dis	−5.55	165-245 dis	−5.42
Italy	1,846-1,861	1,859½-1,860½	par-2lire dis	−0.64	9-12 dis	−2.26
Norway	11.04-11.14	11.13-11.14	6¾-4¾ore pm	6.79	14¾-13¾ pm	5.03
France	9.32-9.40	9.37-9.38	4¾-3¾c pm	5.44	11¾-10¾ pm	4.59
Sweden	9.46-9.54	9.53-9.54	5-4¼ore pm	5.82	12¾-11¾ pm	5.09
Japan	550-558	554-555	3.00-2.70y pm	6.17	7.75-7.35 pm	5.45
Austria	28.46-28.75	28.70-28.75	30-20gro pm	10.44	82-75 pm	10.93
Switz.	3.80-3.84½	3.82½-3.83½	5¾-4¾c pm	14.49	13¾-12¾ pm	13.18

Belgian rate is for convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 0.25-0.15c pm. 12-month 0.90-0.70c pm.

THE DOLLAR SPOT AND FORWARD

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2145-2.2375	2.2325-2.2345	0.15-0.05c pm	0.54	0.20-0.10 pm	0.27
Ireland†	2.0520-2.0605	2.0520-2.0535	0.20-0.10c pm	0.88	0.15-0.05 pm	0.19
Canada	1.1509-1.1540	1.1537-1.1540	0.37-0.30c pm	3.48	1.30-1.10 pm	4.16
Nethlnd.	1.9700-1.9740	1.9718-1.9728	1.20-1.10c pm	7.00	3.20-3.10 pm	6.39
Belgium	29.13-29.19	29.13-29.15	6½-5c pm	2.36	23-20 pm	2.95
Denmark	5.5910-5.6080	5.6060-5.6075	1.00-1.50ore dis	−2.67	4.00-4.50dis	−3.03
W. Ger.	1.7875-1.8000	1.7940-1.7950	1.48-1.38pf pm	9.56	4.20-4.10 pm	9.25
Portugal	48.80-48.90	48.80-48.90	8-18c dis	−3.20	15-40 dis	−2.26
Spain	67.58-67.70	67.63-67.70	40-55c dis	−8.42	100-125 dis	−6.65
Italy	832.50-835.20	833.75-834.25	0.8-1.2lire dis	−1.44	4.75-5.5 dis	−2.45
Norway	4.9680-4.9900	4.9865-4.9875	2.10-1.60ore pm	4.45	5.75-5.25 pm	4.41
France	4.2010-4.2110	4.2010-4.2030	1.70-1.55c pm	4.64	4.50-4.30 pm	4.18
Sweden	4.2565-4.2710	4.2700-4.2710	1.35-1.15 ore pm	3.51	3.90-3.70 pm	3.56
Japan	247.40-249.00	248.05-248.15	1.00-0.85y pm	4.47	3.10-2.90 pm	4.84
Austria	12.832-12.866	12.861-12.866	9.90-9.30gro pm	8.95	30.00-28.00pm	9.02
Switz.	1.7095-1.7205	1.7135-1.7145	2.00-1.90c pm	13.65	5.10-5.00 pm	11.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 6	Bank of England Index	Morgan Guaranty changes %
Sterling	72.0	−33.8
U.S. dollar	87.1	−6.9
Canadian dollar	82.6	−15.7
Austrian schilling	156.4	+24.3
Belgian franc	114.5	+13.1
Danish kroner	107.7	−3.6
Deutsche mark	156.4	+45.5
Swiss franc	193.5	+74.6
Guilder	125.1	+20.6
French franc	101.2	−8.0
Lira	54.6	−49.9
Yen	114.7	+14.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Mar. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.579602	0.623985
U.S. $	15	1.29528	1.39648
Canadian $	14	1.48683	1.60665
Austria Sch	5¼	16.6056	17.8889
Belgian F	12	37.6991	40.5932
Danish K	13	7.23454	7.78328
D'Mark	7	2.31995	2.50040
Guilder	9½	2.55173	2.73785
French Fr	9½	5.46114	5.86102
Lira	15	1076.57	1159.57
Yen	7¼	320.895	344.930
Norwgn. Kr.	9	6.42895	6.92095
Spanish Pta	8	87.4341	94.2903
Swedish Kr.	10	5.50310	5.93713
Swiss Fr.	3	2.22636	2.39678

OTHER CURRENCIES

Mar. 6	£	$		£ Note Rates
Argentina Peso	3805-3825	1705-1715	Austria	28.50-28.75
Australia Dollar	2.0360-2.0400	0.9125-0.9130	Belgium	66.35-66.85
Brazil Cruzeiro	100.20-101.20	44.85-45.60	Denmark	12.43¼-12.55¼
Finland Markka	8.46-8.47	3.7960-3.7980	France	9.32½-9.42½
Greek Drachma	87.813-89.993	39.30-39.45	Germany	3.98½-4.00½
Hong Kong Dollar	11.10¼-11.15	4.9820-4.9850	Italy	1850-1905
Iran Rial	n.a.	n.a.	Japan	552-557
Kuwait Dinar(KD)	0.608-0.618	0.2754-0.2755	Netherlands	4.37-4.39½
Luxembourg Frc.	65.00-65.10	29.15-29.15	Norway	11.06-11.15
Malaysia Dollar	4.8860-4.9060	2.1970-2.1990	Portugal	106-111½
New Zealand Dlr.	2.3125-2.3175	1.0360-1.0370	Spain	146¼-152½
Saudi Arab. Riyal	7.44-7.54	3.3420-3.3430	Sweden	9.45½-9.55½
Singapore Dollar	4.8540-4.8650	2.1795-2.1815	Switzerland	3.81-3.85
Sth. African Rand	1.8085-1.8035	0.8070-0.8080	United States	2.21½-2.23½
U.A.E. Dirham	8.25-8.35	3.7400-3.7450	Yugoslavia	50-51½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5891	+2.00	+1.50	±1.53
Danish Krone	7.72336	7.78580	+0.81	+0.31	±1.64
German D-Mark	2.48208	2.50006	+0.72	+0.22	±1.129
French Franc	5.84700	5.85919	+0.21	−0.29	±1.3557
Dutch Guilder	2.74362	2.74543	+0.07	−0.43	±1.512
Irish Punt	0.668201	0.676685	+1.31	+0.81	±1.668
Italian Lira	1157.79	1159.65	+0.16	+0.16	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.20-18.30 per cent; three-months 18.50-18.60 per cent; six months 18.50-18.60 per cent; one year 17.70-17.80 per cent.

Mar. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	18⅛-18⅜	15½-16	8½-9½	10½-11½	3¼-3½	7¾-7⅞	12⅞-13¼	15-15	—	10-12
7 days' notice	19-19⅛	16⅛-16⅜	11½-11¾	11¾-12¼	3¾-4	8-8⅛	12⅞-13⅛	17-19	16⅛-16⅜	11½-12
Month	18⅞-19⅛	17⅛-18⅛	13⅛-13⅜	11⅝-12	4¾-4⅞	8⅜-8½	13⅛-13⅜	18-20	17⅞-17⅞	13-13¼
Three months	19-19⅛	18⅛-18⅜	13⅞-14⅛	12⅛-12⅜	5⅛-5⅜	8⅝-8¾	14¼-14½	20⅛-21⅛	18⅛-18¼	13⅝-14
Six months	19⅛-19⅜	18⅝-18⅞	14⅛-14⅜	12⅛-12⅜	5½-5⅝	8¾-8⅞	15⅛-15¼	21-22	18⅛-18⅝	15⅛-15⅜
One year	17⅛-17⅝	17⅛-17⅝	14⅛-14½	11⅞-12⅛	5⅛-5⅜	8½-8⅝	15⅛-15⅜	22-23	17⅞-17⅝	15⅛-15⅜

Long-term Eurodollar two years 16¼-16½ per cent; three years 15¾-16 per cent; four years 15½-15¾ per cent; five years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Mar. 6	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.234	4.010	554.5	9.375	3.830	4.405	1860.	2.577	65.05
U.S. Dollar	0.448	1.	1.795	248.3	4.197	1.715	1.972	832.8	1.154	29.12
Deutschemark	0.249	0.557	1.	138.3	2.338	0.955	1.099	463.8	0.643	16.22
Japanese Yen 1,000	1.803	4.028	7.232	1000.	16.91	6.907	7.944	3354.	4.647	117.3
French Franc 10	1.067	2.382	4.277	591.5	10.	4.085	4.699	1984.	2.748	69.39
Swiss Franc	0.261	0.583	1.047	144.8	2.448	1.	1.150	485.6	0.675	16.98
Dutch Guilder	0.227	0.507	0.910	125.9	2.128	0.869	1.	432.2	0.585	14.77
Italian Lira, 1,000	0.538	1.201	2.156	298.1	5.040	2.059	2.368	1000.	1.385	34.97
Canadian Dollar	0.388	0.867	1.556	215.2	3.639	1.487	1.710	721.9	1.	25.25
Belgian Franc 100	1.537	3.434	6.164	852.4	14.41	5.888	6.772	2859.	3.961	100.

INTERNATIONAL MONEY MARKET

Rates remain firm

Interest rates showed little overall change yesterday in Europe, with some short-term rates easing slightly on improved liquidity, while period rates edged slightly firmer in places. However, the basic undertone remained firm, with speculation in Milan that the Italian bank rate may soon have to increase from its present level of 15 per cent. The authorities are reluctant to increase the cost of borrowing money, which is already very expensive, but the present rate of 15 per cent has not changed since December last year, and six major nations have increased their discount rates since that date. So the pressure of a general increase in interest rates may leave the Italian authorities little choice but to follow suit.

In Paris call money fell back from Wednesday's five and a half year peak of 13⅝ per cent to 13 per cent yesterday. Longer-term rates continued to rise, with one-month money at 13⅝-13⅞ per cent compared with 13⅛-13⅜ per cent previously.

In Frankfurt call money rose to 8.60-8.70 per cent from 8.50-8.60 per cent and again longer-term rates showed a firmer tendency. One-year money was as high as 9.65-9.75 per cent, well up from Wednesday's level of 9.35-9.40 per cent.

Rates in Amsterdam fell slightly again, with the Dutch guilder now the most improved currency within the European Monetary System, creating a favourable undertone. Sentiment was further improved by yesterday afternoon's special advances offer, at a rate of 11 per cent. Call money fell to 10⅛-10⅜ per cent from 10⅞-11 per cent and one-month money was lower at 11⅛-11⅜ per cent compared with 11⅞-12⅛ per cent.

In Brussels deposit rates continued to rise, reflecting the general rise in rates elsewhere, and the Belgian franc's poor position within the EMS. The precarious position of the franc has prompted the Belgian authorities to spend around BFr 12bn over the past fortnight in support operations, and market sources saw little chance of anything but a further rise in rates over the next few months.

GOLD

Steady decline

Gold fell $19 to close at $625-$630, following some disappointment at the result of the International Monetary Fund monthly auction and signs of an easing in the tension between the U.S. and Iran over the hostages. Gold closed around its lowest level of the day, after opening at $633-$638, and falling to $634.25 at the morning fixing, and $626 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 85,800 per kilo ($634.29 per ounce) in the afternoon, compared with FFr 86,300 ($638.14) in the morning and FFr 86,150 ($638.36) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,635 per kilo ($635.00 per ounce), compared with DM 36,975 ($642.47) previously.

	Mar. 6		Mar. 5	
Gold Bullion (fine ounce)				
Close	$625-630	(£280¼-282½)	$644-649	(£287-289¼)
Opening	$633-638	(£283½-285¾)	$633-638	(£282-284¼)
Morning fixing	$634.25	(£283.946)	$641.75	(£286.291)
Afternoon fixing	$626	(£281.728)	$643.50	(£286.382)
Gold Coins				
Krugerrand	$625-630	(£280-283)	$645-649	(£287½-290½)
Mapleleaf	$620-630	(£278-283)	$642-652	(£286½-291½)
New Sovereigns	$159-161	(£71¼-72¼)	$162-164	(£72¼-73¼)
King Sovs.	$179-182	(£80-82)	$180-182	(£80-81)
Victoria Sovs.	$180-183	(£80½-82½)	$181-184	(£80½-82½)
French 20s	$147-150		$148½-151½	
50 pesos Mexico	$767-777		$792-802	
100 Cor. Austria	$605-615		$626-636	
$20 Eagles	$752-757		$751-756	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Once again day to day credit was in short supply in the London money market yesterday, but the authorities found it neccessary to give only a small amount of help. This comprised small purchases of Treasury bills and a small amount of corporation bills, all direct from the discount houses. In addition they lent a small amount to one or two houses at MLR for repayment today. The market was faced with a small net take up of Treasury bills to finance and the unwinding of a moderate number of bills on a previous sale and repurchase agreement. On the other hand banks brought forward balances a small way above target, and there was a slight excess of Government disbursements over revenue transfers to the Exchequer.

Discount houses were paying up to 17 per cent for secured call loans but later balances were taken as low as 16 per cent. Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	17¾
Fed. Funds	17
Treasury Bills (13-week)	15.70
Treasury Bills (26-week)	15.16
GERMANY	
Discount Rate	7
Overnight Rate	8.65
One month	9.05
Three months	9.30
Six months	9.40
FRANCE	
Discount Rate	9.5
Overnight Rate	13.0
One month	13.5625
Three months	14.0625
Six months	14.0625
JAPAN	
Discount Rate	7.25
Call (Unconditional)	9.5
Bills Discount (three-month)	11.125

LONDON MONEY RATES

Mar. 6 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	16½-18	—	—	—	17½-17⅞	16-17	—	—	—
2 days notice	—	—	17½-18¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17½	17¾-18⅛	—	17⅝	17⅞	17	—	—	—
One month	18¼-18⅛	18⅛-18¼	18-18⅜	18½-19¼	18¼	18⅞	16¾-16⅞	15⅜-15⅞	18-18⅛	18½
Two months	18¼-18⅛	18¼-18⅜	—	18-18½	18⅝	—	16⅝-16¾	16⅛	17⅞-17⅞	18⅜
Three months	18¼-18⅛	18⅛-18¼	18¼-18⅜	18¾-18¼	18⅝	18¾-18⅞	16½-16⅝	16⅛	17½	18
Six months	17½-17⅞	17½-17⅝	17⅝-17⅞	17¾-17¼	17⅞	18	—	—	16⅞-16⅝	16⅞
Nine months	17-16¾	17⅛-17⅛	—	17¼-16⅞	17⅝	—	—	—	—	—
One Year	16¾-16½	16⅞-17	17¼-17⅝	16⅞-16⅝	17⅛	—	—	—	—	—
Two years	—	—	16-16¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16½-16¾ per cent; four years 16-16¾ per cent; five years 16-16¾ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅜ per cent; four-month trade bills 17⅞ per cent.

Approximate selling rates for one-month Treasury bills 15¹³⁄₁₆-15²⁷⁄₃₂ per cent; two-months 15³¹⁄₃₂-16 per cent; three-months 16⁵⁄₃₂-16⅛ per cent. Approximate selling rates for one-month bank bills 17¾ per cent; two-months 17¹¹⁄₁₆-17⅝ per cent; three-months 17²¹⁄₃₂-17⅝ per cent; one-month trade bills 18½ per cent; two-months 18⅛ per cent and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1236 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 5, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks; unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.4959
Algeria	Dinar	3.8325
Andorra	French Franc	4.1858
	Spanish Peseta	67.405
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentina. Peso	1686.50
Australia	Australian $	0.9095
Austria	Schilling	12.7915
Azores	Portug. Escudo	48.55
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	67.405
Bangladesh	Taka	15.237
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.9875
	B. Franc (F)	29.685
Belize	Belize $	2.00
Benin	C.F.A. Franc	209.288
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.13
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7923
Brazil	Cruzeiro	45.21
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1655
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	209.288
Canada	Canadian $	1.15
Canary Islands	Spanish Peseta	67.405
Cape Verde Isle	Cape V. Escudo	36.81
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	209.288
Chad	C.F.A. Franc	209.288
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5218
Colombia	Col. Peso (O)	43.38
Comoros Islands	C.F.A. Franc	209.288
Congo (Brazaville)	C.F.A. Franc	209.288
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	Cyprus Pound	0.3489
Czechoslovakia	Koruna (O)	5.25
Dem.Rep.S'oTome & Principe	S. Tome Dobra	34.852
Denmark	Danish Krone	5.5645
Djibouti	Djibouti Franc	175.603
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	27.20
Egypt	Pound (3)	0.6925
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	67.405
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.5645
Falkland Islands	Falkland Is. £ *	2.2465
Fiji Islands	Fiji $	0.8478
Finland	Markka	3.7895
France	French Franc	4.1858
French C'ty in Af.	C.F.A. Franc	209.288
French Guiana	Local Franc	4.1858
French Pacific Is.	C.F.P. Franc	75.5366
Gabon	C.F.A. Franc	209.288
Gambia	Dalasi	1.7806
Germany (East)	Ostmark (O)	1.786
Germany (West)	Deutschemark	1.786
Ghana	Cedi	2.75
Gibraltar	Pound *	2.2465
Gilbert Is.	Aust. $	0.9095
Greece	Drachma	39.28

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.5645
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1858
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.8892
Guinea Republic	Syli	19.0128
Guyana	Guyanese $	2.5698
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.945
Hungary	Forint (O)	34.00
Iceland	I. Krona	363.40
India	Ind. Rupee	8.13
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.058
Israel	Israeli Pound	39.10
Italy	Lira	829.25
Ivory Coast	C.F.A. Franc	209.288
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	246.88
Jordan	Jordan Dinar	0.2975
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.4402
Korea (Nth)	Won	0.94
Korea (Sth)	Won	580.50
Kuwait	Kuwait Dinar	0.2738
Lao P'pls D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.3435
Lesotho	Rand	0.8071
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.7095
Luxembourg	Lux Franc	28.9875
Macao	Pataca	5.1445
Madagascar D. R.	MG Franc	209.288
Madeira	Portugese Escudo	48.55
Malawi	Kwacha	0.8037
Malaysia	Ringgit	2.1835
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	418.575
Malta	Maltese Pound	0.3517
Martinique	Local Franc	4.1858
Mauritania	Ouguiya	41.8575
Mauritius	M. Rupee	7.7021
Mexico	Mexican Peso	22.81
Miquelon	C.F.A. Franc	209.288
Monaco	French Franc	4.1858
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	30.1803
Namibia	Rand	0.8071
Nauru Is.	Aust. $	0.9095
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9635
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.9095
	FNH	67.643
New Zealand	NZ $	1.0267
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	209.288
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.954
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N. Guinea	Kina	0.6896
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	260.55
Philippines	Ph. Peso	7.43
Pitcairn Islands	NZ $	1.0267
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.55
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion, Ile de la	French Franc	4.1858
Rhodesia	Rhd $	0.6935
Romania	Leu	4.47
Rwanda	Rwanda Franc.	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.2465
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	4.1858
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	829.25
Saudi Arabia	Saudi Riyal	3.361
Senegal	C. F. A. Franc	209.288
Seychelles	S. Rupee.	5.9337
Sierra Leone	Leone.	0.8903
Singapore	Singapore $.	2.1655
Solomon Islands	S.I. $	0.9095
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.8071
Spain	Peseta.	67.405
Spanish ports in North Africa	Sp. Peseta.	67.405
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8071
Sweden	S. Krona.	4.2475
Switzerland	Swiss Franc.	1.7095
Syria	Syria Pound.	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling.	8.2895
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	209.288
Tonga Islands	Pa'anga	0.9095
Trinidad & Tob.	Trin. & Tob. $	2.4053
Tunisia	Tunisian Dinar	0.3961
Turkey	Lira.	70.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.9095
Uganda	Ug. Shilling	7.4402
United Arab Emir.	UAE Dirham	3.7425
United Kingdom	£ Sterling	2.2465
Upper Volta	C.F.A. Franc	209.288
Uruguay	Urug. Peso	8.58
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	829.25
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.16
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9111
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	19.8561
Zaire Republic	Zaire Zaire	2.0539
Zambia	Kwacha	0.7889

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

Family Favourite.

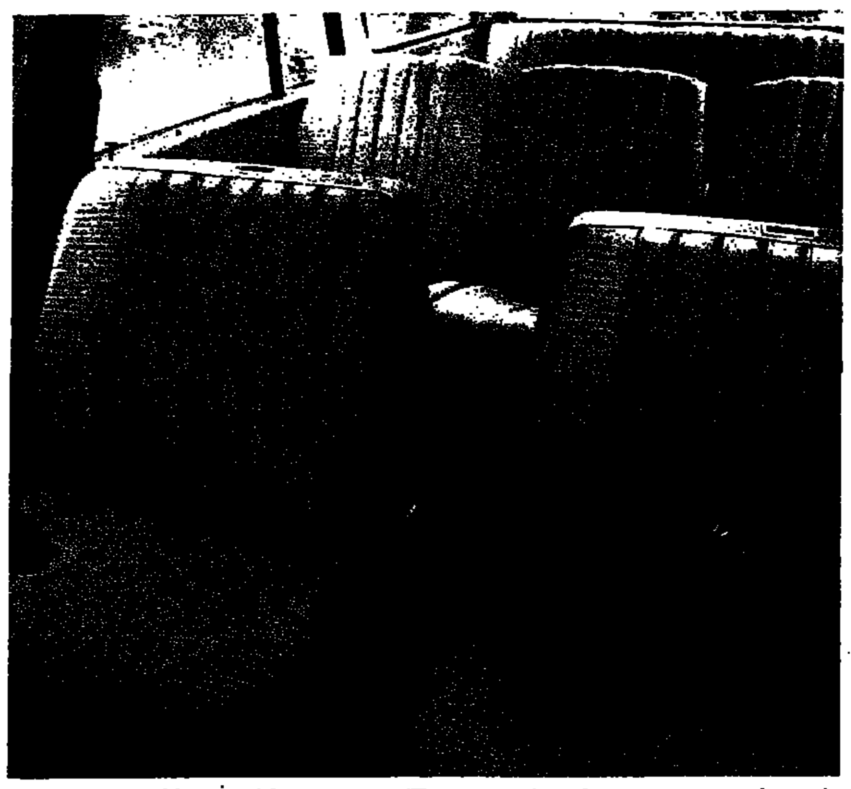
Peugeot 504 Family Estate

The Peugeot 504 Family Estate is the favourite for all the family. Because with its *three rows of forward-facing seats* it's the sumptuous solution to your transport problems.

The cloth-upholstered seats are deep and comfortable, because more comfort for the family and their friends means a more relaxed atmosphere for the driver, and a safer journey for everyone.

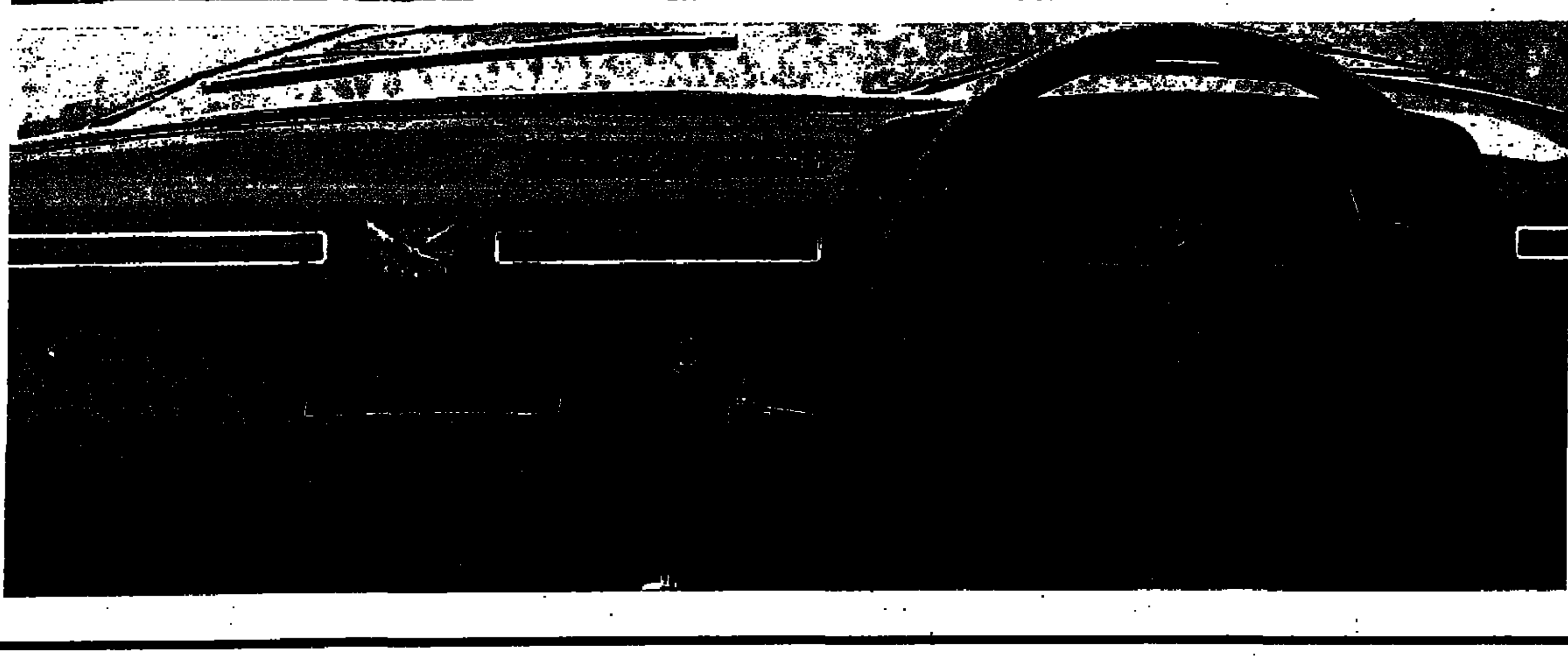
The 504 Family is big, comfortable and simplicity itself to drive, with *power-assisted steering* to make light work of town traffic and parking. The rally-proven 1971 cc engine is as smooth as it is powerful, and gives the Family *a top speed of 101 mph.*

Above all, the 504 Family is a really practical car. The wide-opening doors mean easy access, and childproof locks built into the rear doors mean your children won't get out unless you want them to. And because there's real space in both the rear rows of seats, the Peugeot Family is as popular with your friends and business associates as it is with your family. Even with eight people and their luggage, the 504 Family will still give


Three rows of forward facing seats (Front seat head restraints not shown).

you a superb ride—*thanks to the extra-long wheelbase* and the specially developed suspension system.

If you're towing a boat, caravan or horsebox, the 504 Family has the power to cope with a load of up to 1½ tons (1500 kg). And remember there's also a diesel version, to give you the same passenger comfort advantages and the same Peugeot reliability with extra economy. On the continent, of course, diesel can save you over *40 per cent* of your fuel bills, and that's before you take into account a fuel consumption figure of 37 mpg.* Instead of making the family fit the car, we've made the car to fit the family. But with all that style and comfort, the 504 is still totally practical. Even with the third row of seats in use, there's still 15 cu ft of space for luggage (with the spare wheel stowed under the boot floor). And when you don't need that third row of seats, fold it down for *34 cubic feet of space.*

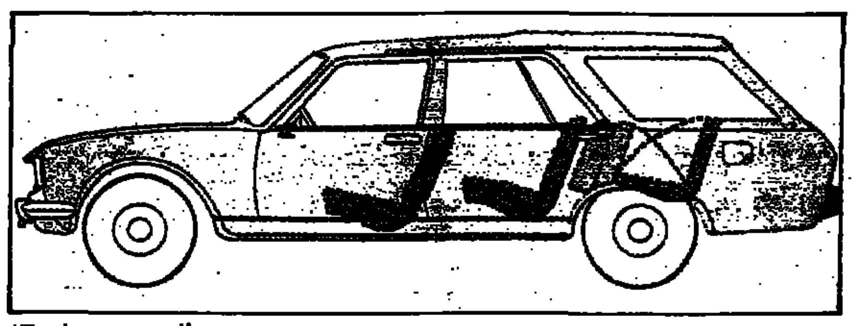


With more than a million cars sold throughout Europe, the Peugeot 504 has been proved to be as rugged as it is elegant. That's because it's been built to last, using the finest materials available. To back this, there's a twelve-month unlimited mileage warranty, which we offer confidently, thanks to our detailed quality control procedures. (One in eight of all factory staff are engaged exclusively on quality control.) Peugeot strength also means main services only once every 10,000 miles**—so your car stays on the road, not in the service bay.

The 504 Estate range also includes other large-capacity hard-working estates, with diesel or petrol power. So if you don't need the sophistication of the Family, you'll still find a 504 to suit you.

But if you do need space, style and comfort to spare, then the 504 Family is the car for you. Why not take the family for a test run today?

**Diesel service intervals: 6000 miles



*Fuel consumption

	at a constant 56 mph (90 km/h)	at a constant 75 mph (120 km/h)	urban driving
Family Estate –manual	35.7 mpg (7.9L/100 km)	26.4 mpg (10.7L/100 km)	21.5 mpg (13.1L/100 km)
–automatic	31.0 mpg (9.1L/100 km)	24.1 mpg (11.7L/100 km)	23.3 mpg (12.1L/100 km)
Family Diesel Estate–manual	37.7 mpg (7.5L/100 km)	27.2 mpg (10.4L/100 km)	30.1 mpg (9.4L/100 km)

Petrol consumption in accordance with official Government test procedure

Finance and leasing facilities available from Peugeot Finance.

Anglo-French Finance Company Limited

I am interested in the Peugeot 504 Family Estate.
Please send me details.

Name:________________________

Address:________________________

____

Tel:________________________ E2

Send to: Customer Enquiries,
Peugeot Automobiles (UK) Limited,
333 Western Avenue,
London W3 0RS.
Tel: 01-993 2331

PEUGEOT

World famous for strength.

Further early Wall St. slide

WALL STREET moved broadly lower through the morning, extending yesterday's sharp slide. The Dow Jones Industrial Average was down 8.53 to 836.35 at 1 pm, and the NYSE *All Common Index fell 76 cents* to $62.62.

Falls outnumbered advances by more than four-to-one at mid-session on a volume of more than 24m shares.

Analysts said investors continue to worry about rising interest rates and inflation. Mr. Richard Aspinall, President of Chase Manhattan bank, said. The U.S. Prime Rate could reach 19 to 20 per cent before *peaking and would likely stay* high this year.

Additionally, the market faces more bad news on prices today when a report on February wholesale prices is due.

The Oil group led the retreat. Volume leader **Mobil** fell 4⅜ to $84⅞. It rose 10 points in the prior two sessions before trading was halted for an update on drilling activity in the Hibernia area off Newfoundland.

Among partners in that drilling, **California Standard** lost 2⅛ to $79, **Gulf Oil** ⅞ to $50⅞, **Columbia Gas** 2⅞ to $41⅞ and **Gulf Canada** $1 to $158⅞ on the American Exchange.

Retailers mostly lost fractions, despite reporting higher February sales. Gold and Silver shares pulled back, pacing declines in the bullion market. Analysts said bullion weakened on news that students holding Americans in Iran are ready to turn the hostages over to the ruling Revolutionary Council ASA lost 1½ to $49⅞ and Hecla Mining 1½ to $46⅞.

Active **IBM** *lost ⅞ to $61⅞*, **Walt Disney Productions** 1⅞ to $42⅞, **General Electric** ½ to $48½ and active **Eli Lilly** 1⅞ to 47⅞.

Bausch and Lomb fell 1⅛ to $34⅛.

THE AMERICAN SE Market Value Index was down 5.25 to 291.12 at 1 pm. Volume 3.22m shares (7.18m).

Closing prices for North America were not available for this edition.

Canada

Markets showed a broad decline in active non trading, with the Toronto Composite *Index down 26.6 to 2,139.3.* Declines led advances by more than two to one.

Oil and Gas was down 101.3 to 4,935.4, Metals and Minerals 39.1 to 2,361.8, and Golds 11.5 to 3,694.2. Industrials shed 3.20 to 418.68 and Papers were down 4.01 *to 202.41.*

Japan

Prices closed sharply lower, with energy-related issues down across a wide front on profit taking after the recent rise, dealers said.

The Nikkei-Dow Jones Average fell 57.95 to close at 6,736.09, with volume 400m shares. The Tokyo SE index closed at 463.36, down 2.66.

A sharp overnight fall on Wall Street also depressed sentiment, pushing export-*orientated issues lower.*

Among major losers, **Nippon Oil** fell Y20 to Y2,080, **Arabian Oil** Y150 to Y3,290, ***Teikoku Oil*** Y40 to Y1,030, **Sony** Y30 to Y1,610, **Nissan Motor** Y10 to Y670 and **Matsushita Electric** Y6 to Y687.

Recently-selected trading houses and machines also fell, but steels were generally higher *following* **Nippon Steel's** planned price increase, with Nippon Steel rising Y3 to Y129 and **Sumitomo** ***Metal Industries*** *Y2 to Y145.*

Germany

Share prices closed broadly lower with most majors slipping *between DM 1.00 and DM 2.00.* All sectors were generally depressed, except for Steels which closed *mixed. The* Commerzbank index fell 1.9 points to close at 720.5.

Chemicals took relatively sharp drops, with **BASF** off DM 2.30, **Bayer** down DM 1.70 and **Hoechst** off DM 1.80. A market observer said the sector rarely declines or advances more than *DM 1.00 in a day.*

Electricals were also down, with **Brown Boveri** slipping DM 2.20 while **Siemens** was off DM 2.00 and **Varta** dropped DM 1.00.

In machine makers, **KHD** fell DM 1.40 on what brokers said were rumours that the company might distribute free shares. **GHH** lost DM 2.00 but **Babcock** advanced DM 0.50.

Among energy share, **Veba** fell *DM 1.00, but* ***Preussag*** *was off* DM 3.50. The company is also heavily involved in metals trading, and its decline was more in line with the DM 4.30 drop by **Degussa**, *the precious metals* smelter and trader.

In Steels, **Krupp-Huette** advanced *DM 2.00*, **Kloeckner** was up DM 0.70, but **Hoesch** slipped DM 0.50 and **Thyssen** eased DM 0.80.

Autos were all down, with VW slipping DM 2, Daimler down DM 1.70, and **BMW** off DM 1.00.

In Bond trading, Government Bonds dropped, with Bundesbank buying a nominal DM 15m to steady the market. Mark-denominated Eurobonds con*tinued weak.*

Amsterdam

In moderate trading share prices closed lower with the ANP-CBS *general index down 0.5* to 82.5.

AKZO and **Unilever** lost Fl 0.80 *each and* ***Royal Dutch*** *Fl 0.40* ahead of its 1979 results, in Dutch Internationals.

OCE-Van Der Grinten lost Fl 2.30, while shares with losses between Fl 1 and Fl 2 included **KLM**, **Nationale Nederlanden**, **ABN** and **Fokker**. **Bijenkorf**, **Amfas** and **Gistbrocades** were among few firmer issues.

Paris

In quiet trading following Wall Street's fall yesterday share prices weakened generally. Lower oils led weaker chemicals, electricals, foods, rubbers, engineerings and cars.

CFP lost FFr 5.1 to FFr 274.9 and **CIE Francaise de Reffinage** shed FFr8 to FFr 197 after both companies reported sharply higher net profits last year.

Hotels, constructions, printing and metals tended mixed. Banks and insurances, properties and investments and public services held steady with stores little changed.

Australia

Markets were generally firmer, with the Sydney All Ordinaries Index up *3.34 to 577.34.* Mining and exploration stocks were up, but some Industrials continued weaker.

Diamond Explorer, Leichardt ***Explorations***, *leapt A$2.50 to* A$14.50 while diamond hopeful **Gem Explorations** was up 41 cents at A$1.20.

BHP's disappointing test report on the Vinck No. 1 well on the Exmouth Plateau did not affect the stock, which rose 10 cents to A$14.55.

CSR fell 10 cents to A$6.30 following its one-for-five rights *issue, but tin miners firmed on* the record prices on the London market, with **Renison** rising 50 *cents to A$20.00 and* ***Aberfoyle*** 20 cents to A$8.00.

In shale oils, **Central Pacific** rose A$2 at A$47 and its Rundle partner **Southern Pacific**, A$1.00 to A$17.50.

In Industrials, **Tooths** lost 10 cents to A$2.20, **TNT** rose 5 cents to A$2.45 and **Comalco** rose 10 cents to A$5.10.

Johannesburg

Gold shares closed firmer despite the lower bullion price following Rhodesian Prime Minister-elect Mr. Robert Mugabe's economic policy, dealers said.

Kloof rose R2 to R35.5, **Randfontein** *R1.50 to R78.50,* **Durban Deep** R1.25 to R38 and **Western Deep** 75 cents to R42.25. **Anglos** gained 10 cents to R14.20 and **Goldfields** R2 to R95, while **De Beers** lost 10 cents to R11.

NEW YORK

CANADA

Stock	Mar. 5	Mar. 4
Abitibi	23⅝	23⅜
Agnico Eagle	15⅞	14⅝
Alcan Alumn	72½	70¾
Algoma Steel	39¼	40
Asbestos	36½	36⅛
Bk Montreal	24⅜	24⅜

BELGIUM (continued)

Mar. 6	Price Frs.	+ or —
Petrofina	5,610	—100
Royale Belge	5,320	—30
Soc Gen Banq	2,505	—10
Soc Gen Belge	1,570	+5
Sofina	3,200	—60
Solvay	2,325	—25
Traction Elect	2,340	—15

HOLLAND

Mar. 6	Price Fls.	+ or —
ACF Holding	74	+4
Ahold	71.6	—0.4
AKZO	24.1	—0.8
ABN	280	—2
AMEV	95.5	+0.5
AMRO	57.4	—1.9

AUSTRALIA

Mar. 6	Price Aust. $	+ or —
ANZ Group	4.68	
Acrow Aust	1.02	
Allstate Expl	1.90	
Ampol Pet	1.17	+0.02
Assoc. Pulp Pap.	2.48	
Audimco	0.39	
Aust Cons Ind	2.20	
Aust Guarant	1.45	+0.02

JAPAN (continued)

Mar. 6	Price Yen	+ or —
Makita	1,050	—40
Marubeni	405	—23
Marudai	505	—11
Marui	670	—15
Matsushita	687	—6
M'ta Elec Works	540	—8
M'bishi Bank	413	
M'bishi Corp	775	—10

SOUTH AFRICA

Financial Rand US$1.00

(Discount of 19½%)

BRAZIL

Indices

NEW YORK—DOW JONES

	Feb. 29	Feb. 22	Feb. 15	Year ago (approx
Ind. div. yield %	6.02	5.97	6.50	6.04

STANDARD AND POORS

	Mar. 5	Mar. 4	Mar. 3	Feb. 29	Feb. 28	Feb. 27	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	126.58	128.38	127.95	128.28	127.94	127.85	134.47 (13/2/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	111.15	112.78	112.50	113.66	112.35	112.38	118.44 (13/2/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 27	Feb. 20	Feb. 13	Year ago (approx)
Ind. div. yield %	5.07	4.89	4.81	5.28
Ind. P/E Ratio	8.04	8.32	8.45	8.73
Long Gov. Bond Yield	12.61	12.67	11.85	9.06

N.Y.S.E. ALL COMMON

Mar. 5	Mar. 4	Mar. 3	Feb. 29	1979-80 High	1979-80 Low
63.38	64.36	64.35	64.96	67.77 (13/2/80)	53.88 (27/3)

Rises and Falls

	Mar. 5	Mar. 4	Mar. 3
Issues Traded	1,907	1,921	1,920
Rises	283	436	524
Falls	1,316	1,100	1,030
Unchanged	308	385	366
New Highs	18	10	35
New Lows	217	167	127

MONTREAL

	Mar. 5	Mar. 4	Mar. 3	Feb. 29	1979-80 High	1979-80 Low
Industrial	421.89	420.50	421.91	425.80	425.80 (29/2/80)	279.79 (2/1)
Combined	376.80	375.58	377.27	378.90	378.90 (29/2/80)	225.90 (2/1)
TORONTO Composite	2165.9	2164.9	2162.5	2192.6	2192.6 (29/2/80)	1315.8 (2/1)

	Mar. 5	Mar. 4	Mar. 3	Feb. 29	1979-80 High	1979-80 Low
GERMANY FAZ-Aktien (31/12/58)	229.68	231.21	230.78	232.55	285.80 (16/1/79)	218.11 (21/1/80)
Commerzbank (Dec. 1953)	720.50	722.4	721.5	727.6	838.60 (10/1/79)	698.3 (21/1/80)
HOLLAND ANP-CBS General (1970)	82.5	83.0	81.7	81.7	94.2 (24/1/79)	81.1 (28/2/80)
ANP-CBS Indust. (1970)	64.1	64.2	62.9	62.8	85.9 (24/1/79)	62.2 (28/2/80)
HONG KONG Hang Seng Bank (31/7/64)	865.28	857.51	878.97	881.62	963.17 (15/2/80)	495.83 (2/1/79)
ITALY Banca Comm. Ital (1972)	95.16	94.15	94.19	95.05	95.31 (28/2/80)	68.38 (2/1/79)
JAPAN Dow Average (16/5/49)	6736.09	6794.04	6778.27	6793.56	6838.98 (14/2/80)	5925.87 (10/4)
Tokyo New SE (4/1/68)	463.36	466.02	466.68	468.41	472.85 (14/2/80)	435.13 (13,7)
NORWAY Oslo SE (1/1/72)	131.88	129.29	130.50	132.01	144.70 (14/2/80)	74.48 (16/1/78)
SINGAPORE Straits Times (1966)	504.11	499.97	498.37	490.94	504.11 (6/3/80)	348.34 (25/2/79)
SOUTH AFRICA Gold (1958)	(u)	588.8	580.8	580.8	593.9 (29/2/80)	228.40 (17/4)
Industrial (1958)	(u)	502.6	498.4	502.0	517.2 (14/2/80)	270.50 (2/1/79)
SPAIN Madrid SE (29/12/79)	102.56	102.75	105.19	(c)	105.29 (21/2/80)	99.51 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	375.82	372.13	371.28	371.30	401.34 (6/2/79)	331.57 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58)	301.8	304.4	304.4	304.7	328.70 (2/5)	284.00 (6/1/79)
WORLD Capital Intl. (1/1/70)	—	—	136.9	137.3	143.5 (13/2/80)	122.2 (1/5/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. *c Closed. u Unavailable.*

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Norton Simon	1,251,000	12⅞	—
Gulf Oil	1,162,100	51½	+⅛
Texaco	1,049,700	40	—⅛
Sterling Drug	730,400	20	+⅛
Publ. Svc. Inda.	689,000	18⅝	—½
Fed. Natl. Mort.	554,100	12⅞	—½
Am. Tel. & Tel.	542,400	48⅞	—1⅞
Exxon	519,400	64⅞	—⅞
Newmont Mng.	487,900	50	—2⅞
Mobil	476,400	89½	+3⅞

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC holds its breath

MEPC could be on the verge of losing a second anchor tenant for its £25m "West One" covered shopping scheme in Oxford Street.

The company expects to know within the next week whether or not Burton, the revitalised menswear group, is to take 25,500 sq ft of cornerstone space in its new development, due to open towards the end of this year.

If Burton withdraws from the scheme, MEPC will be left in a somewhat difficult position. It proposes to market the scheme—providing 45,000 sq ft of shopping space on three floors over Bond Street tube station—on the strength of its new major tenant. Without Burton, the pressure will be on to find a replacement and sign up tenants for as many of the other 27 units as possible in the months remaining before the scheduled opening. No space has yet been let.

Last year, the Wallis fashion group backed out of the scheme in the face of what was then a potential rental of up to £600,000 a year and huge fitting out costs. Mr. Christopher Benson, managing director of MEPC, described the decision as a "a nasty knock on the nose" but within a short time got down to detailed discussions with Burton—an ideal tenant bringing the vital fashion content to the scheme.

But it seems that an escalator has got in the way of the deal which was due to be signed before Christmas and it has been touch and go for the past few weeks as to whether or not the two parties could reach a solution to the problem.

In essence, the position of an escalator pit, dictated by London Transport and planned to take shoppers up to the shops, does not meet with the approval of Burton, which believes the stairway is too far from the pavement. It wants it moved 14 ft.

To relocate the escalator is regarded by MEPC as almost impossible and certainly extremely expensive, though it has come up with a compromise which would resite the offending machinery by half the distance required by Burton.

At one stage, MEPC asked whether a rental change might make matters easier but the reply left the company in no doubt that it was the scheme's layout rather than any fears about high rentals in a weakening market which preoccupied the retail group.

MEPC acknowledges that Burton faces a genuine problem and that easy access is vital in a scheme which has only a limited ground level presence in Oxford Street.

So Mr. Benson and his colleagues are awaiting Burton's verdict, which they now expect within the next few days. According to Mr. Benson: "It is touch and go and I am getting less optimistic. Either way, we must know soon so that we can get on with the job of marketing the scheme."

MEPC says it has already geared its asking rents to the expected downturn in the local rental market. If Burton backs out, it seems fair to suggest that further readjustments could be necessary.

Swansea accepts Royal

ROYAL INSURANCE is to fund a £10m shopping development in Swansea, adjoining the existing Quadrant shopping centre.

Royal has reached agreement with Swansea City Corporation to develop, in conjunction with Builders Amalgamated—a Trafalgar House subsidiary—the St. Mary's and St. David's Square site. It has been given a 125-year lease on the land.

The scheme will provide 180,000 square feet of net sales space, including one department store and two or three other large retailing units, another dozen shops, a pub restaurant and a disco.

The Royal scheme was selected by the Corporation in competition with several other submissions and negotiations are already underway with national multiple retailers for the large retail units.

Builders Amalgamated said that although the Trafalgar House property division, of which it is a part, was large enough to fund its own projects, it also has experience in forward funding and in joint ventures with institutions and landowners.

Haslemere plans new City scheme

HASLEMERE ESTATES, best known for its top-quality restoration and refurbishment work, is to embark on its biggest ever new development scheme in the shape of a £15m City office complex.

The company plans to develop about 105,000 sq ft of office space, together with a restaurant and one shop on a site to the east, of Bishopsgate which is bounded by Bevis Marks, Bury Street and Bury Court.

At present, the site is occupied by a rambling mix of old buildings and for several years Haslemere has been buying up the land in question in bits and pieces. It now owns the freehold of the entire block.

Demolition work in advance of the scheme is now beginning and the company, which has been co-operating closely during the planning stages with the City Corporation hopes to obtain consent soon. The scheme is expected to take about 2½ years through to completion.

David Pickford of Haslemere—who this week also revealed he has submitted a plan to British Rail to build a mixed office, retail and leisure complex on both ends of Blackfriars Bridge—is characteristically enthusiastic about his new City scheme.

"I think you can safely say that this will be the largest scheme, involving new or restoration work, which the company has taken on. It has taken us a long time to prepare but now we are ready to go and I think the results will be very pleasing."

Although the project does not entail any retention of existing buildings, Haslemere will be putting its architectural flair to good use and the scheme will boast a long, pavement-level walkway crowned with a curved glass canopy. Internal architecture will also be eye-catching, according to Mr. Pickford.

The development should help breathe further life into the fringe area to the east of Bishopsgate. It will be a stone's throw from Greycoat Estate's Cutlers Gardens scheme and a short distance from the huge Wingate complex over at the Minories.

The Haslemere scheme is to go ahead without any institutional funding partner and, although completion remains a long way off, Mr. Pickford says he would not be surprised if inquiries were just around the corner. One tenant would apparently be preferable though not essential.

Haslemere has also purchased a smaller site which adjoins the new scheme. Says Mr. Pickford: "I think our plan will do much to upgrade an area dominated by a collection of down-at-heel buildings and which is long overdue for a fresh lease of life."

IN BRIEF

● A new tenant has been found for the Nordic Bank's former head office on the corner of Mincing Lane and Fenchurch St, EC3, only three weeks after coming onto the market. Identity of the new tenant for the 22,700 sq ft building has not been revealed. Agents Dron and Wright were quoting a rent of £400,000 per annum exclusive for the main lease.

● Philip Start, the men's fashion group, has agreed a rental of £135,000 a year for the former Plaza 9 shop at 33 Brompton Road, Knightsbridge. British Petroleum Pension Trust owns the freehold of the 2,400 sq ft shop. Debenham Tewson and Chinnocks acted for BP. Lambert Smith represented Philip Start.

● Celcon House in High Holborn has been sold to a company pension fund for over £4m. The building comprises 24,000 sq ft of offices as well as some retail space and produces an annual rental income of just under £140,000. Celcon House was taken over by the receiver of Amalgamated Investment and Property and the long leasehold interest held by them was purchased by freeholders Iraq Petroleum, who have now sold on.

●Guardian Royal Exchange is to redevelop 9-12 King St, EC2. The speculative building will provide 19,000 sq ft net of banking hall and office space. Completion will be in late 1981 and construction costs are put at £2m.

London Trust to re-finance Bloomsbury

LONDON TRUST, which yesterday revealed itself as purchaser of the major part of the government-owned Bloomsbury Estate, has now come up with an unusual proposal for refinancing the deal.

The investment trust successfully bid £6.25m at last week's auction for the whole of the "island site" fronting onto Bloomsbury Square in north London. At the same time it bought two smaller lots on the estate for £1.2m.

London Trust's chairman, Mr. Edward Davies, says he intends to approach several major investment institutions to help refinance the acquisition which, over the next five years, will be substantially refurbished and restored.

He hopes to persuade "one or two" major institutions to subscribe for a new-style loan stock to be issued by the trust. This would have warrants attached which would eventually allow the institutions to take an equity stake in a new London Trust company, Rivermoor, which will own the Bloomsbury properties.

It is planned that the loan stock would initially carry a low interest rate, possible of around 7 per cent, but which would rise in stages over the life of the stock.

London Trust is presently hoping to raise around £8m in this way but Mr. Davies says that final terms will depend upon the response from the institutions.

The rent roll on the properties acquired by London Trust is currently only £242,000 and although there are strong reversionary prospects the extent of the planned development programme is such, that it could be several years before the full potential of the site starts to be realised.

By restructuring the deal, London Trust says it will be able to meet acquisition and redevelopment costs without having to draw on cash that would normally be available for distribution to shareholders. The institutions involved would have a steady and rising stream of income from the loan stock and would eventually be able to take a capital stake in the properties.

It is planned that London Trust will take 10m shares of 20p each in Rivermoor—a further 8m shares to be retained for institutions participating in the new loan stock.

Rivermoor will be established from the former 50.1 per cent-owned London Trust subsidiary Abingdon Investment. The remaining 49.9 per cent of Abingdon has been bought in for £440,000.

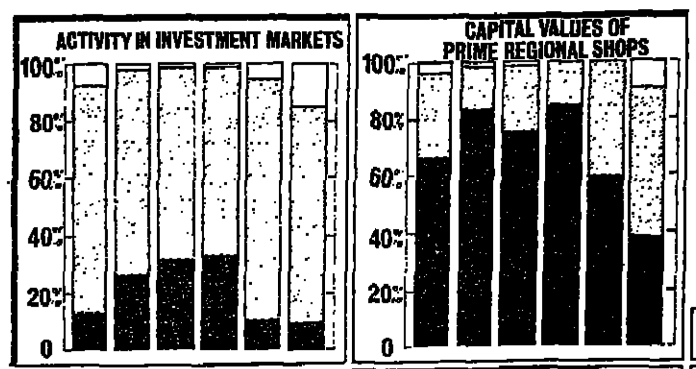
Machurst, formerly part of United Kingdom Provident, is to carry out the major refurbishment programme which will include some new redevelopment. Estate agents Vigers will act as property consultants and managers.

Andrew Taylor

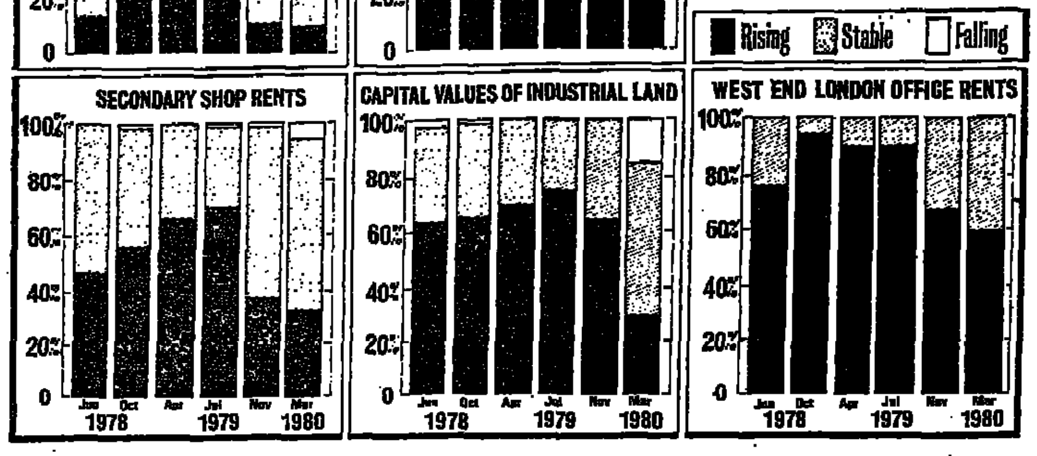
INTERNATIONAL PROPERTY

COMMERCIAL AND INDUSTRIAL PROPERTY APPEARS EVERY FRIDAY

PROPERTY MARKET INDICATORS



● A poll by the Royal Institution of Chartered Surveyors. RICS members' firms and investing institutions in all regions were asked if there was a rising (R) static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.



AREAS Compared with three months ago:		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NATIONAL
QUESTION 1 What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	68	59	92	68	22	50	12	40	31	69	58	33	33	80	54
	S	32	41	8	32	78	50	88	60	69	31	42	67	67	20	46
	F	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(b) Prime Regional Shops	R	44	24	67	56	27	45	38	57	55	50	63	42	37	80	49
	S	56	71	33	44	73	55	62	43	45	50	32	58	63	20	50
	F	—	5	—	—	—	—	—	—	—	—	5	—	—	—	1
(c) Secondary Shops	R	30	13	18	40	18	36	25	50	50	10	21	50	50	60	33
	S	70	74	73	52	82	64	75	50	50	80	74	33	50	40	62
	F	—	13	9	8	—	—	—	—	—	10	5	17	—	—	5
(d) Modern Factories	R	50	50	47	71	11	33	44	46	46	27	56	11	—	100	45
	S	50	50	53	29	89	67	56	54	54	73	44	89	100	—	56
	F	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(e) Modern Warehouses	R	55	50	52	67	11	41	44	47	38	31	6	50	22	100	43
	S	45	50	48	33	89	59	56	53	62	69	82	50	78	—	56
	F	—	—	—	—	—	—	—	—	—	—	12	—	—	—	1
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	5	—	—	19	25	9	—	23	20	23	6	23	25	25	14
	S	95	100	100	77	75	91	86	77	80	77	82	69	75	75	83
	F	—	—	—	4	—	—	14	—	—	—	12	8	—	—	3
(b) Prime Regional Shops	R	—	6	—	16	10	10	—	23	40	25	—	15	25	25	13
	S	100	94	100	84	90	90	86	77	60	75	94	77	63	75	86
	F	—	—	—	—	—	—	14	—	—	—	6	8	12	—	1
(c) Secondary Shops	R	38	44	55	28	45	45	43	46	44	33	56	67	62	25	45
	S	46	44	36	40	36	55	43	54	56	42	38	17	38	75	42
	F	16	12	9	32	19	—	14	—	—	25	6	16	—	—	13
(d) Modern Factories	R	—	—	21	18	11	—	—	20	22	8	13	16	11	—	12
	S	90	87	79	75	89	100	87	80	75	80	75	75	89	100	82
	F	10	13	—	7	—	—	13	—	3	12	12	9	—	—	6
(e) Modern Warehouses	R	—	—	21	18	22	—	—	25	17	7	12	23	11	20	14
	S	100	87	79	79	78	100	87	75	75	80	76	69	89	60	81
	F	—	13	—	3	—	—	13	—	8	13	12	8	—	20	5
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	38	36	58	42	22	64	—	36	38	62	28	15	22	25	37
	S	62	64	42	53	66	27	100	50	38	15	61	69	56	75	54
	F	—	—	—	5	12	9	—	14	24	23	11	16	22	—	9
(b) Prime Regional Shops	R	18	31	55	36	18	50	25	46	45	27	56	30	50	50	38
	S	73	62	45	60	73	40	75	40	28	63	39	62	25	50	52
	F	9	7	—	4	9	10	—	14	27	10	5	8	25	—	10
(c) Secondary Shops	R	17	14	38	26	8	36	13	40	40	20	10	15	25	25	22
	S	58	36	62	30	25	36	62	40	30	50	53	31	38	75	39
	F	25	50	—	44	67	28	25	20	30	30	37	54	37	—	39
(d) Modern Factories	R	40	25	38	24	10	25	22	33	36	14	39	10	—	—	25
	S	60	62	62	72	80	67	78	60	50	72	45	90	89	66	67
	F	—	13	—	4	10	8	—	7	14	14	16	—	11	34	8
(e) Modern Warehouses	R	36	25	38	24	20	25	22	33	36	14	39	17	10	40	27
	S	55	62	62	72	70	75	78	60	50	72	45	83	80	60	66
	F	9	13	—	4	10	—	—	7	14	14	16	—	10	—	7
(f) Industrial land	R	33	14	27	43	22	27	25	33	38	17	35	27	12	25	30
	S	34	86	46	39	56	64	50	47	46	75	53	73	77	75	55
	F	33	—	27	18	22	9	25	20	16	8	12	—	11	—	15
QUESTION 4																
Activity in Investment Markets	R	10	19	15	7	—	10	—	7	15	15	6	8	—	20	9
	S	75	75	62	71	83	90	86	67	85	70	72	84	89	60	76
	F	15	6	23	22	17	—	14	26	—	15	22	8	11	20	15

A more selective market

A GENERALLY strong rental market, stable yields and firm capital values have characterised the state of the property sector in the early months of 1980, according to the latest national poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

There are signs, however, that some weaknesses in the market are showing through as the economic climate deteriorates. While rents for most types of property remain strong, fewer respondents than at the time of the last poll in November 1979 believe they are still rising.

A slow-down in rental increases is most marked in areas away from the south east and London, such as Wales and the North, and factory and warehouse space seems to be worst affected so far. While at the end of 1979 about 70 per cent of those replying to the last poll reported rising rents for modern factory and warehousing space, the figure has this time dropped to just under 45 per cent. Actual falls in rents remain rare, however, in any part of the commercial property market.

Only the office sector overall shows an increase when compared with the previous returns, in respondents reporting rising rents. After evidence towards the end of 1979 that office rents in the City of London were beginning to level out, the latest inquiry reveals that an upward trend has again become more widespread.

According to the poll, 68 per cent of the agents and institutions taking part are experiencing still rising office rents in the City itself, compared with fewer than 30 per cent last November. The percentage of respondents reporting rising rents in the West End has, however, fallen back over the last three months, although the pattern for the south east generally remains buoyant.

Yields appear to have remained stable at their historically low levels, with institutional demand showing little sign of tailing off. Investment activity generally remains high—particularly at the prime end—but it may not now be quite as buoyant as it was three months ago.

There are some positive indications that yields for secondary land have begun to rise. The poll shows that 45 per cent of respondents now believe investment yields in this sector are rising against a figure of 6 per cent at the end of 1979. The secondary market has clearly been affected by high interest rates and though it appears to be the shops sector which has reacted first, it seems likely that such a trend is now spreading to affect other secondary investments.

Capital values remain generally very strong though fewer returns on this occasion indicate a continuing upwards trend, providing some evidence that the rate of growth is now slowing down.

The majority of respondents report a stabilisation of values, but with secondary shops again showing a weakening market. The latest poll shows 39 per cent of returns suggesting capital values are now on the way down against a figure of 4 per cent at the time of the last inquiry.

The overall view provided by the first poll of 1980 is of a sound market which has yet to show any significant signs of weakness in the face of wider economic troubles. Whether or not trends in parts of the secondary market begin to work through to effect a wider cross-section of the property sector should be clearer by the time of the next poll.

The RICS-FT poll asked respondents what apparent impact record interest rates and the uncertain economic climate have had on new development activity and it seems clear from the results that secondary schemes in particular have been cut down. Developers have clearly become more selective since the latest era of high interest rates began and are looking for a substantial degree of pre-letting before embarking on new projects. Marginal developments have been shelved in many circumstances.

There are also indications that with a shortage of forward finance for industrial development, it has become increasingly difficult to fund this type of scheme—particularly in non-prime locations. The lack of forward finance appears to have led to a number of sites being put back on the market with a consequential fall in industrial land values. The poll itself shows that whereas in November 64 per cent of respondents said industrial land values were rising, only 30 per cent now feel the same.

One agent comments on the general situation: "Record interest rates have clearly made borrowing very expensive and reduced the level of new development being undertaken. This has been particularly marked in the industrial sector, where high interest rates, a large amount of new space—particularly in London and south-east — and uncertainty over the economy in the short-term has affected the institutions' views on funding developments and reduced the amount of money available.

"Demand from occupiers also appears to be slackening off for the same reasons, and is compounding the situation in an already sluggish letting market."

Many agents have emphasised, however, that the current lull in enthusiasm for certain types of development may simply reflect concern over interest rates rather than any longer-term doubts about demand for space and that, once these fall, activity could bounce back up.

On the demand side, most respondents suggest that inquiries for space and lettings have been holding up well for both office and industrial space which is of good quality and is well positioned. There has, however, been some weakening in demand for larger-scale units.

APPOINTMENTS

COMPANY NOTICES

Q. P. CORPORATION
(Q. P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

NOTICE IS HEREBY GIVEN to holders of EDRs that Q. P. Corporation paid a dividend of Y10.00 gross per Share on 29th February 1980 to shareholders on the Company's register at the close of business on 30th November 1979. This dividend has been converted to U.S. Dollars and amounts to U.S. $39.93 gross per EDR representing 1,000 shares and U.S. $3.99 gross per EDR representing 100 Shares.

Accordingly, Kleinwort, Benson Limited as Depositary informs holders of EDRs that they should claim their dividends by presenting Coupon No. 4 on or after 10th March 1980 at (a) the office of the Depositary, Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB or at (b) the office of the Agent, Banque Generale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

Coupons must be left for three clear business days for examination and may be presented on any weekday (Saturdays and public holidays excepted) during normal business hours.

Japanese withholding tax at the rate of 20 per cent will be deducted from the gross value of all dividends paid unless the EDR holder lodges, in a form acceptable to the Depositary, an affidavit of residence in a country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax, in which case such lower rate will be applied.

The difference between the amount of withholding tax so deducted and the standard rate of income tax payable in the United Kingdom will also be deducted from all dividends paid in the United Kingdom unless holders of EDRs furnish the Depositary with the usual affidavits of non-residence in the United Kingdom.

KLEINWORT, BENSON LIMITED, Depositary.
London.
5th March, 1980.

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Thursday, 10th April, 1980, for the preparation of warrants for a Final Dividend for the year 1979 of 11.533p per 25p Ordinary Share. If approved at the Annual General Meeting to be held on 20th May, 1980, the dividend will be paid on 22nd May 1980.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing West Sussex, BN12 6DA, not later than 3.00 p.m. on 10th April, 1980.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend will be No. 162, which must be left at Lloyds Bank Limited, 39 Threadneedle Street, London EC2R 8AU, at least five clear days for examination, or may be surrendered through MM. Lazard Frères, Paris.

By Order of the Board,
G. J. OKELL, Secretary.
Shell Centre,
London SE1 7NA.
6th March, 1980.

BOUSSOIS SOUCHON NEUVESEL GERVAIS DANONE
Joint Stock Company with capital of FRF 233,226,000
Registered Office:
7, rue de Téhéran—PARIS (8ème)
Trade Register: PARIS B 552 032 534

5% BONDS 1972-1987
COMPAGNIE GERVAIS DANONE
in denomination of FRF 5,000

BOUSSOIS SOUCHON NEUVESEL GERVAIS DANONE made use of the repayment of FRF 10,000,000 instalment due on June 15, 1980, of the right which they reserved at the time of issue and cancelled 2,000 repurchased bonds.

There will be no drawing by lot for this third redemption.

Outstanding amount: FRF 70,000,000.
BANQUE NATIONALE DE PARIS, Fiscal Agent.

J. W. CAMERON & CO. LIMITED

4¼%-6¼%-8¼% DEBENTURE STOCKS

NOTICE IS HEREBY GIVEN that the company's Debenture Stock Registers will be closed from the 17th March to the 30th March, 1980, both dates inclusive.

By Order of the Board,
C. F. PORTER, Secretary.
Greenbank Offices,
Lion Brewery,
Hartlepool,
Cleveland.
TS24 7QS.

PUBLIC NOTICES

HAMPSHIRE CORPORATION BILLS

£7,000,000 Bills issued 7th March 1980 at $15\frac{1}{16}$% to mature 18th April 1980. Applications £44,000,000. Outstanding £42,200,000.

PERSONAL

COMMODITIES AND AGRICULTURE

Brazil lifts coffee

By Our Commodities Staff

BRAZIL HAS raised its minimum export price for coffee again to bring it more into line with actual trading levels.

But the 5 cent rise to $1.85 a lb still leaves the minimum well below the $1.93-$1.93 roasters are paying for Brazilian coffee before taking account of the substantial discounts being offered. Last week discounts for European roasters were reported to be running at around 39 cents a lb.

Yesterday's minimum price rise follows a 10 cents-a-lb increase last Wednesday.

Stable EMS highlight of gloomy

Demand for Brazilian coffee is strong at the moment and traders in Rio de Janeiro reported that export registrations were placed for more than 300,000 bags (60 kilos each) on Wednesday.

They estimated that nearly 3.5m bags had been registered for export so far this year. The official export target is 15m bags for the whole year against 12m in 1979.

In New York, coffee traders reported that the Colombian coffee growers' Federation had raised its price by another 5 cents to $2.14 a lb following a 9 cents rise on Wednesday. They said roasters are estimated to be receiving a rebate of 23.34 cents a lb on Colombian coffee.

Consumers urge milk price cut

BY RICHARD MOONEY, COMMODITIES STAFF

EUROPEAN consumer organisations want the EEC's chronic milk production surplus to be brought under control through straight price cuts rather than levies or quotas, MPs were told yesterday.

In evidence to the House of Commons select committee on agriculture the Consumers in the European Community Group (UK) described other suggestions for cutting Common Market dairy production, such as the co-responsibility levy, as "clumsy bureaucratic alternatives."

The group is an umbrella organisation co-ordinating research and representation for the main organisations interested in UK consumer affairs. It deals specifically with EEC policies.

It claimed the 1968-71 milk price freeze had the desired effect of curbing production. "If farmers are convinced that sustained pressure is likely to be brought on prices, they will begin to move out of milk," the group said in written evidence to the committee.

With EEC milk production running 17 per cent above consumption and still rising, the build up in Community stocks had only been held back by expensive disposal programmes, the group said.

But it complained that these had given priority to non-EEC consumers rather than EEC consumers.

In the 1980 budget, it said, £1,317m was allotted to subsidise sales of butter and skimmed milk powder to third countries, while £936m was allocated for animal feeding stuff subsidies and only £281m for EEC consumer subsidies.

It blamed the increasing surplus on the EEC's policy of using price mechanisms for social purposes. "Farm prices set for social reasons are incapable of balancing supply and demand," it declared.

In the UK, the group said, prices were kept artificially high by the so-called liquid milk premium which added 2p a pint to liquid milk prices.

This meant that farmer's average returns on milk were about 10 per cent higher than they would be otherwise, it said.

As a result, UK consumers paid more for their milk than consumers in any other EEC country, although all the others except Italy paid VAT on milk.

The UK milk price, at 16½p a pint was 1p higher than in West Germany and Italy, 1½p more than in France and Luxembourg and 2½p more than in Denmark, Belgium and Holland, the group claimed. In Ireland the price was only 12p a pint.

Sharp fall in sugar

By Our Commodities Staff

WORLD SUGAR prices fell sharply yesterday afternoon in response to a forecast by sugar statistician F. O. Licht that European sugar beet plantings will rise by 3.7 per cent next season.

Prices had moved higher early in the day with the May position on the London futures market reaching £286 a tonne at one stage. But the forecast prompted a sharp sell-off which left the May price £3.875 down at £275.375 at the close.

Mr. Licht predicted that the European beet area would rise 282,000 hectares to 7,912,000 hectares in the 1980-1981 season. Most of the rise is expected in Eastern Europe where the 1980 area is put at 5,263,000 hectares against 5,110,000 in 1979.

Western Europe's sugar area is predicted to rise 129,000 hectares to 2,649,000 in 1980-81. This includes a 22,000 hectares rise to 1,757,000 in the EEC.

The forecast EEC rise follows the failure of the Common Market Commission to persuade member states to accept its plan to cut the community's sugar production by 10 per cent.

FRENCH LAMB IMPORTS

Farmers show their fears

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

EVEN IF the French Government had decided to make a concession on lamb imports from Britain, it would not have chosen the week of the Paris Agricultural Show to declare it.

Mr. Mehaignerie, the French Minister of Agriculture, is under constant pressure to maintain the incomes of sheep farmers, and at the Show, he has been instantly reminded by demonstrating farmers of their problems.

The depth of feeling among French farmers has been made quite clear with noisy and well-organised demonstrations each day.

So far there have been no nasty incidents although on Tuesday objectors stopped Parisiennes from enjoying Scottish beef and lamb at the Scottish stand.

French sheep farmers fear that any substantial opening of the market to British lamb imports, could cause their prices to fall from approximately 20 francs per kilo (£1 a pound), at which it has been maintained by levy, to around 15 francs a kilo (75p a pound).

Their calculation is based on the assumption that in a free market, the British price could rise to that level from its present average of around 60p per pound.

A price fall of this order could well put many French farmers out of business. And in the absence of any other viable crop or product suitable to the sheep-breeding regions, this would cause what the French call the "desertification" of a whole region.

In the farmers' view, two things will have to be done. Any alternative means of support would have to be capable of maintaining existing prices and, to lessen the impact of British lamb on their market, some limitation would have to be placed on Britain's imports of New Zealand lamb.

The farmers told me they were adamantly opposed to any price support system such as a headage payment for breeding ewes which they felt would not be exact enough.

The only alternative they envisaged would be a Community-wide sheep meat regulation complete with intervention buying and supported by the Common Agricultural Fund.

This is the line taken at present by the French government, and Mr. Mehaignerie and his officials have been at pains to maintain this hard line.

When questioned about their defiance of the European Court judgment on the lamb question, farmers reply that in their interpretation the Treaty of Rome only applies to products for which there is a Community regulation.

This is hardly a valid argument, but there has been little attempt on the part of Mr. Peter Walker, the British Minister of Agriculture, to show even the slightest sign of understanding for the dilemma in which French sheep farmers find themselves.

At the Paris Show, Mr. Walker was at pains to point out that British apple growers were upset by import of Golden Delicious from France but that he was doing nothing to stop these imports as it would be against Community rules of free trade between members.

This is of no comfort to French sheep farmers, whose idea of a Minister of Agriculture is one who looks after his farmers.

Their belief in the Treaty of Rome is also being severely shaken by what they call the lack of "community spirit" shown by the Britain.

They say that when France joined the Community, they thought it was going to be what it really said, a Common Market. But then Britain still insisted on buying not only lamb but sugar, grain, butter and other products from outside the Community.

This argument was put to me not only at the show but also at a farmers' meeting where it was used to argue that if only the British shopped in the Community, then levies collected on third country food would not have to be paid into the Community, so reducing Britain's contribution to the EEC budget.

But this hardly squares with the preferences that France grants to its colonies and ex-colonies.

Although this week there were no signs that the French Government was proposing to meet Mr. Walker's demands that France should admit British lamb levy free, the farmers themselves have no real faith that their Minister will resist for ever.

A speaker at one meeting I attended said he thought they would be safe until after the next Presidential elections in March 1981. But they would have to keep up their efforts to secure a satisfactory solution.

It is very difficult to see just how, in the short term, the lower-cost British lamb could possibly be admitted in any quantity without causing widespread disruption of the French sheep breeding industry.

There is scope on both sides for a vigorous search for compromise. Otherwise the present deadlock will continue indefinitely.

U.S. role in futures challenged

WASHINGTON — The time may be right to re-evaluate the role of government in the futures business, Commodity Futures Trading Commissioner, Mr. David Gartner said yesterday.

Government involvement is necessary, to a degree, he said, but "as soon as regulation strays from its designated goal of righting imbalances in the market and begins to dictate how the market should operate, it becomes a superfluous and costly burden on commerce."

Industry and government must recognise that they are, for the most part, partners and not adversaries, he said in remarks prepared for delivery at the Futures Industry Association Conference in Miami.

Iran hostage hopes spark fall in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

NEWS THAT the U.S. hostages in Iran are to be handed over to the revolutionary council, raising hopes of their release, triggered off a sharp downturn in the metal markets yesterday.

So did disappointment with prices paid at the IMF gold auction.

Following the downtrend in gold, silver and free market platinum also lost ground. Free market platinum fell on the London market from its all time peak of £466.60 reached on Wednesday by £11.45 to £455.15 a troy ounce.

Cash silver was lowered by 27.6p to 1,594.50p at the morning fixing and then fell to 1,557p at the close on the Metal Exchange—a loss of 67p on the previous close.

Copper prices also came under heavy pressure. Cash wirebars closed £54.5 lower at £1136.25 a tonne and continued to decline in late trading falling by a further £20 or so.

The New York market was the permissible limit down in early dealings when a significant chart selling point was reached.

Tin, after having reached new all time peaks in early trading, fell back in later trading. The cash price closed only £2.5 up at £8,350 a tonne

Cash lead dropped by £34 to £530 a tonne. But the market rallied in late kerb trading when it was learnt that workers at Britannia Metals lead refineries had decided to reject the company's latest offer

Danes step up pigmeat exports

By Our Commodities Staff

PLENTIFUL PIGMEAT supplies last year caused a 3.5 per cent reduction in average prices paid to Danish producers, ESS-Food, the main Danish bacon co-operative, said yesterday.

But prices realised on sales into the British market continued to rise. The average first-hand price for Danish bacon in the UK in 1979 was a record £1,165 a ton, up £76 from the 1978 level.

Danish pigmeat exports rose 91,930 tonnes to 671,000 tonnes in 1979 but bacon exports to Britain fell from 233,000 tonnes to 214,000.

Denmark expects to step up pigmeat production by about 6 per cent this year while UK production is projected to fall.

Good Soviet harvest forecast

WASHINGTON—The Soviet Union stands a good chance of boosting 1980 grain production from last year's dismal harvest, according to the U.S. agriculture department's latest analysis.

Moreover, grain crops planted last autumn throughout the northern hemisphere "appear to be fairly normal for this time of the year, says one department.

Its report said winter grain crops to be harvested in the northern hemisphere in 1980 "could be larger than last year's when various areas had poor crops."

"Weather conditions during the remainder of the winter and during spring will still be the key in the final outcome of these northern hemisphere winter grain crops," it said.

The report said the Soviet Union planted 37m hectares to winter grain last autumn, an increase of 3m over 1979.

Soviet grain production plummeted to 179m tonnes last year, a 25 per cent drop from the record harvest of 237.2m in 1978.

Moscow has set the 1980 harvest goal at 235m tonnes of grain, the report said.

"To reach the 1980 target would require near ideal conditions and, based on the situation to date, conditions appear less than optimal," it said. "However, with area (of plantings) up and conditions generally good, the crop should be well above last year's poor outturn."

Besides the Soviet Union, winter grain output this year could increase in Western and Eastern Europe, and Turkey, assuming "no adversities strike later in the season," the report said.

Looking at the situation in Asia, the report said China's winter wheat crop "got off to a poorer start" because of heavy rainfall.

● In Paris, Agriculture ministers of Western industrial countries have been told they must develop new agricultural policies for the 1980s aimed at ensuring economic growth without fuelling inflation.

Mr. Emile Van Lennep, secretary general of the Organisation for Economic Co-operation and Development (OECD), said that policies must be adjusted to take account of oil price rises, unacceptably high inflation, unemployment and sluggish growth.

Yesterday, Ministers discussed how to support the U.S. counter measures taken against the Soviet Union folowing its invasion of Afghanistan.

Mr. Walker has been quoted as saying the meeting "ought to be devoted to stopping Russia and its allies exploiting the free markets of the West."

Aluminium price rise

NEW YORK — Aluminum Co. of America will probably put up its prices the full 8 to 9 per cent wage-price guidelines, Mr. James S. Pasman, executive vice-president, has said.

The company has already raised the price it charges can-makers to turn their scrap into an finished product by 2 cents per pound.

Mr. W. H. Krome George, Alcoa chairman, said the car industry had apparently cut back on the amount of aluminium it plans to use in the future. As a result, the company was not going to increase capacity by as much as originally planned.

He said aluminium shipments in 1980 are expected to be little changed on last year's.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange. Prices moved ahead on the pre-market as fears of an escalation of the tension surrounding Afghanistan pushed forward metal ahead to £1,200. However, profit-taking coupled with rumours that the U.S. hostages are to be released prompted a sharp reversal in London and New York with forward metal easing to close the late Kerb at £1,150. Prices weakened afresh in the late inter-office trading where three months copper was quoted at £1,145. Turnover: 30,000 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Wirebars	£	£	£	£
Cash	1161-3	−9	1136-.5	−54.5
3 months	1182-.5	−9	1160-.5	−30
Settlem't	1163	−9		
Cathodes				
Cash	1114-5	−11	1093-.5	−25.5
3 months	1148-.9	−8.5	1128-.5	−25.5
Settlem't	1115	−11		
U.S. Prod.	—		*180-151	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,162, three months £1,191, 90, 89, 87, 88, 90, 89, 90, 91, 93, 92, 90, 88, 86, 85, 82. Cathodes, cash £1,113, 14, 15, three months £1,148. Kerb: Wirebars, three months £1,175, 72, 70, 68, 67, 66, 67, 68, 70, 69, 70, 72. Afternoon: Wirebars, three months £1,162, 63, 62, 61, 60, 59, 58, 59, 60, 61, 62, 63, 64, 62, 64, 60, 59, 58, 57, 56, 55, 56, 54, 53, 52, 51, 52, 54. Kerb: Wirebars, three months £1,150.

TIN—Higher again following another sharp rise on the Penang market. Forward metal opened at £8,400 reflecting the gain at Penang and moved up to £8,440 owing to covering against overnight U.S. physical demand. Profit-taking emerged at this level which pared the price to £8,350. In the afternoon three months metal moved between £8,380 and £8,400 before closing the late Kerb at £8,360 as fresh U.S. interest more than offset selling prompted by the sharp fall in copper. Turnover: 1,955 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	8445-55	+17.5	8340-50	+2.5
3 months	8435-50	+17.5	8380-400	+35
Settlem't	8455	+18		
Standard				
Cash	8445-55	+12.5	8340-50	+2.5
3 months	8435-40	+12.5	8380-90	+40
Settlem't	8455	+15		
Straits E.	$3471	+19		
New York				

Morning: Standard, cash £8,430, 40, 50, 55, three months £8,440, 30, 20, 10, 20, 30, 40. Kerb: Standard, three months £8,420, 10, 8,400, 8,390, 80, 90, 85. Afternoon: Standard, three months £8,380, 90, 80. Kerb: Standard, three months £8,360, 70.

LEAD—Lost ground in the wake of the downturn in copper. Forward lead opened on a firm note around the £511 level. However, with copper coming off the price gradually fell away to touch £488 during the afternoon. News that the strike at Britannia Lead is to continue prompted a late rally, however, with forward material finally £497.5 on the late Kerb. Turnover: 13,050 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	545-7	−11.5	525-35	−34
3 months	498-9	−4	491-.5	−18.2
S'ment	547	−15		
U.S. Spot	—		*50	

Morning: Cash £545, three months £506, 7, 5, 3, 500, 499, 98, 98, 99. Kerb: Three months £497, 96, 95. Afternoon: Three months £492, 94, 93, 92, 90, 88, 89, 90, 93, 92, 91, 90, 90.5, 91. Kerb: Three months £495, 98, 97, 96, 97, 98.

ZINC—Easier along with other metals. Forward metal staged a gradual decline from £388 in the morning to £375 during the afternoon before a minor rally left the price at £377.5 on the late Kerb. Turnover: 8,100 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	368-9	−7	365-6	−10.5
3 months	379-80	−7	378-9	−7.5
S'ment	369	−7		
Primw'ts	—		*37.5	

Morning: Cash £388, three months £385, 84, 80, 79. Kerb: Three months £376, 77, 78, 78. Afternoon: Three months £376, 75, 76, 79. Kerb: Three months £381, 80, 77, 76.

ALUMINIUM—Held steady despite the weakness of other metal prices. Forward metal dipped from £940 to £930 during the day, before closing the late Kerb at £932. Strong support emerged at the lower levels with large volumes being traded. Turnover: 4,700 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Spot	919-22	−2.5	921-4	−.5
3 months	935-6	−1	934-5	−1

Morning: Three months £939, 40, 39, 37, 35. Afternoon: Three months £930, 32, 33, 34, 36, 34. Kerb: Three months £931, 32.

NICKEL—Barely changed despite the falls in copper, lead and zinc. Forward metal opened the day at £3,270 and eased back to £3,255 in quiet and routine trading before recovering to close the late Kerb at its overnight levels. Turnover: 1,398 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	3180-90	+15	3155-65	−5
3 months	3265-70	......	3255-60	−5

Morning: Cash £3,165, 75, three months £3,265, 70. Afternoon: Three months £3,260, 65, 60, 55, 60. Kerb: Three months £3,625, 70.

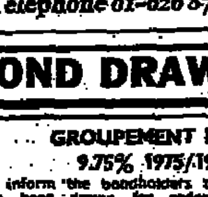
SILVER

LME—Turnover 194 (213) lots of 10,000 ozs. Morning: Three months 1660, 60, 60, 55, 58, 40, 30, 25, 30, 35, 45, 50. Kerbs: Three months 1650. Afternoon: Cash 1650, three months 1635, 30, 25, 20, 10, 05, 08, 10. Kerbs: Three months 1590, 80, 85.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	1594.50p	−27.6	1557.5p	−67.5
3 months	1644.50p	−26	1608.5p	+62.5
6 months	1676.50p	−30	—	......
12months	1724.60p	−14.6	—	......

Silver was fixed 27.6p an ounce lower for spot delivery in the London bullion market yesterday at £15.945p. U.S. cent equivalents of the fixing levels were: Spot $35.538, down 77.2c; three-month $36.608, down 80.2c; six-month $37.319, down 42.6c; and 12-month $38.324, down 21.9c. The metal opened at £16.15-16.50 ($38-38¾) and closed at £15.60-15.95 ($34¾-35¼).

CORAL INDEX: Close 456-461 (−2)



BOND DRAWINGS

COCOA

Although a little steadier at the opening, futures eased slowly and in moderately light trading ended at the lows of the day some £15 below Wednesday evening. Physicals were again active on the products side but cocoa beans failed to attract producers or consumers, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or −	Business Done
March	1376-77	−17.5	1400-1377
May	1417-18	−16.0	1440-15
July	1441-42	−11.0	1460-39
Sep.	1462-64	−13.0	1481-61
Dec.	1491-93	−19.5	1515-1491
March	1510-30	−16.0	1555-30
May	1530-60	−16.0	—

Sales: 2,151 (4,082) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price March 5 144.07 (141.73). Indicator price March 6: 15-day average 144.15 (144.85); 22-day average 146.13 (146.37).

COFFEE

Robustas opened lower and general profit-taking following the recent sharp rise prompted early losses but the market found good trade support despite further commission house selling pressure. In the afternoon the market was relatively steady in active conditions and a further bout of trade buying towards the close inspired a £20 rally from the lows, reports Drexel, Burnham, Lambert.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1645-50	+65.5	1655-95
May	1685-89	+54.5	1690-47
July	1737-38	+53.5	1740-97
Sept.	1776-77	+39.5	1778-32
Nov.	1772-76	+34.5	1778-49
January	1762-86	+31.5	—
March	1735-40	—	—

Sales: 6,518 (10,012) lots of 5 tonnes.

ICS Indicator prices for March 6 (cents per pound): Other Mild Arabicas 189.00 (184.33); Robustas ICA 1976 176.25 (170.50); ICA 1968 176.50 (170.75); Unwashed Arabicas 176.50 (170.75); Unwashed Arabicas 205.00 (204.00); Comp. daily ICA 1968 194.33 (190.47).

GRAINS

LONDON GRAIN FUTURES—Old crops opened higher, but fell back slightly under selling pressure to close about steady 30p higher on wheat and 55p-65p higher on barley with good interest in the spot months. New crops saw excellent buying interest and options gained 45p-55p on the day, reports Acli.

	WHEAT		BARLEY	
Mnth.	Yest'rdays close	+ or −	Yest'rday close	+ or −
Mar.	93.30	+0.80	92.10	+0.65
May	96.50	+0.70	95.40	+0.55
Sept	94.50	+0.55	92.30	+0.05
Nov	98.50	+0.55	96.40	+0.45
Jan	102.50	+0.50	100.40	+0.45

Business done—Wheat: March 93.50-93.25, May 96.85-96.05, Sept. 94.75-94.10, Nov. 98.75-98.15, Jan. 102.70-102.25. Sales: 427 lots of 100 tonnes. Barley: March 92.65-91.70, May 96.05-95.05, Sept. 92.40-92.0, Nov. 96.55-96.15, Jan. 100.55-100.40. Sales: 374 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 94.20, S. West 94.00, W. Midlands 95.50, N. West 94.60. Other milling wheat: S. East 98.60.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. March 99.50, April-May 98.25, May 98.25 transhipment East Coast. Maize: U.S./French, March 116, April 117 transhipment East Coast. South African Yellow April 75.50. Barley: English Feed fob April 99.50 East Coast (all sellers). Rest unquoted.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 191 tonnes, bringing the total for the week so far to 668 tonnes. Fair inquiry persisted mainly as a result of the slightly cheaper cost of raw cotton. Variations in price levels, however, caused buyers to act cautiously with not more than scattered activity in North American and African styles.

RUBBER

The London physical market opened slightly higher with little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 333 (331) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr.	71.50-72.00	71.50-75.00	72.00
May	72.00-73.40	73.50-74.50	—
Apr.-Jne	73.05-73.20	73.75-73.90	74.75-73.05
Jly.-Sept	78.20-78.50	78.50-78.65	78.75-78.00
Oct.-Dec	82.25-82.50	82.40-82.45	83.75-82.25
Jan-Mar	85.00-85.10	85.10-85.25	89.15-85.00
Apr-Jne	87.70-88.60	87.75-87.90	87.80
Jly.-Sept	90.30-90.35	90.60-90.40	90.80-90.30
Oct-Dec	92.60-92.75	92.40-92.45	92.75-92.78

Physical closing prices (buyer) were: Spot 70.25p (71.25p); April 73.00p (73.25p); May 75.00p (75.25p).

SOYABEAN MEAL

The London market opened around unchanged with weaker sterling encouraging some fresh buying, reports T. G. Roddick. Prices held steady on commission house buying but late in day trade selling put pressure on prices which closed with small gains.

	Yest'rd'y Close	+ or −	Business Done
	£ per tonne		
April	111.40-11.6	+0.50	111.60-11.40
June	111.30-11.4	+0.35	111.60-11.00
August	113.10-13.5	+0.20	113.50-13.00
October	112.50-12.7	−0.20	113.40-12.50
December	115.10-15.4	−0.10	115.90-15.20
February	118.10-18.4	......	118.90-18.20
April	120.30-20.5	+0.25	120.50

Sales: 158 (86) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £247.00 (£242.00) a tonne cif for March-April shipment. White sugar daily price was £277.00 (£270.00).

The market staged an early rally of some £3.00 but trade selling developed which could not be absorbed and by mid-day prices were back at kerb levels. Later New York eased sharply and losses of up to £10 were recorded before short-covering set in and half the losses were recovered by the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	249.00-50.00	249.00-49.90	250.00-38.00
May	275.25-75.50	279.00-79.50	286.00-69.50
Aug	288.60-89.25	290.75-91.00	297.00-82.00
Oct	300.00-300.2	302.90-03.00	308.50-293.0

Sales: 970 (799) at 15 tonnes, 2 at 5 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 274.50, 277.00; Aug. 289.00, 290.00; Oct. 300.50, 301.50; Jan. 308.00, 310.00; March 311.00, 314.00; May 310.00, 314.00. Sales 198 (178).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.70 (same) a tonne for home trade and £327.00 (£318.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 5: Daily price 22.98 (23.44); 15-day average 22.75 (23.03).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. March 483.0, 484.0, 483.0-476.0, 84; May 497.0, 500.0, 496.0-489.0, 48; July 521.5, 522.0, 522.0-516.5, 150; Oct. 521.5, 522.5, 522.0-517.0, 50; Dec. 522.5, 523.0, 523.5-520.0, 55; March 523.0, 524.5, 524.0-521.0, 29; May 525.0, 527.0, 526.0-523.0, 8; July 526.0, 530.0, 527.0-526.0, 11. Sales: 435.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. May 413, 414, 415-413, 6; Aug. 427, 428, 428, 427, 6; Oct. 427, 428, 428, 1; Dec. 426, 428, 429, 428, 15; Jan. 426, 428, 426, 17; March 429, 430, 432-430, 26; May 430, 435, 436-434, 21; Aug. 434, 435, nil, nil. Sales: 92.

BRADFORD WOOL—The market is still quiet but there is some interest in anything available from stock, especially in view of the hold-up in Australian supplies. Sterling's lower exchange rate features as an important element in quoted price increases.
Reuter

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 6 1980	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt (cs)	$2150/2170	......	$2040/60
Copper			
Cash w'bar	£1,136.25	−54.5	£1,265
3 mths	£1,162.5	−30	£1,271.5
Cash Cathode	£1,094	−25.5	£1,216.5
3 mths	£1,129.5	−25.5	£1,242
Gold troy oz	$627.5	−19	$697.5
Lead cash	£530	−34	£495
3 mths	£491.25	−18.25	£479.5
Nickel	£3,335	......	£3,195.78
Freemkt(cif) lb	315/345c	+5	305/330c
Platin'mtr'y oz	£189.0	......	£189
Free mkt	£455.15	−11.45	£388.05
Quicksil'ver	$390/400	−5	$390-405
Silver troy oz	1,594.50p	−27.6	1,659.10p
3 months	1,644.50p	−26	1,689.10p
Tin Cash	£8,350	+2.5	£7,360
3 mths	£8,385	+40	£7,405
Tungsten 22.04lb	$138.76	......	$138.72
Wolfrm 22.04 lb	$145/148	+1.5	$159/144
Zinc cash	£365.5	−10.5	£362
3 months	£378.5	−7.5	£373.5
Producers	$825	......	$780/825
Oils			
Coconut (Phil)	$800t	−2.5	$880
Groundnut	:	......	:
Linseed Crude	£435r	......	£431
Palm Malayan	$635v	−5	$680
Seeds			
Copra Philip	$525r	−5	$580
Soyabean (U.S.)	$288.95x	+0.55	$302
Grains			
Barley Futures	£95.40	+0.55	£100.65
Maize			
French No3AM	£116r	......	£117.50
Wheat			
No. 1 Red Spg.	:		:
No2HardWint.	:		£96
Eng. Milling t	:		:
Other commodities			
Cocoa ship't	£1,422	−18	£1,517
Future May	£1,417.5	−15	£1,462
Coffee F'tr May	£1,666	−21	£1,505.6
Cotton A Index	94.90c	......	98.10c
Rubber (kilo)	70.25p	−1	83p
Sugar (Raw)	£247	−5	£217
Wooltp's 64s kl	300p kilo	+1	292p kilo

r March. s June. v May. t March-April. u April. w April/May. x July. z Indicator. § Buyer. † Per 76 lb flask.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on March 6. GB Cattle 81.75p per kg. l.w. (+1.48). UK sheep 161.8p per kg. est. dcw (−3.5). GB pigs 68.7p per kg l.w. (+2.4).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 63.0 to 67.0; Eire hindquarters 72.0 to 74.0, forequarters 46.0 to 49.0. Lamb: English small 68.0 to 74.0, medium 69.0 to 72.0, heavy 54.0 to 68.0. Scottish heavy 54.0 to 68.0. Imported frozen: NZ PL new season 54.0 to 54.0. PM new season 52.0 to 52.0. Pork: English, under 100 lb 38.0 to 49.0, 100-120 lb 37.0 to 48.0, 120-160 lb 36.0 to 44.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel 4.00-5.50; Jaffa: Shamouti 50/189s 3.90-5.40; Moroccan: 64/113s 4.00-4.20; Cyprus: Valencia Lates 3.70-4.00. Satsumas—Spania: 95/189s 3.40-4.30; WILKINGS, Spania: 5.00-6.00. Lemons—Italian: 100/150s 4.20-4.50; Cyprus: 15-kg 84/120s 3.40-4.30; Californian: 88/165s 4.80-6.00; S. African: 80/120s 5.00-5.60. Grapefruit—Cyprus: 20-kg 3.20-4.40; Jaffa: Large boxes 32/88s 4.00-4.80; Florida: Pink Flesh 36/48s 5.40. Apples—French: Golden Delicious, boxes 40-lb 138/175s 3.60-5.60, 20-lb 1.80-2.80; Granny Smith 20-lb 2.80-3.40, 40-lb 5.00-6.30, Starkcrimson, approx. 20-lb 72s 2.60; 40-lb 5.80-6.80; Italian: Granny Smith 20-lb, per pound 0.16-0.17, Jonathan 0.08½, Starking 0.10-0.14, Golden Delicious 0.10; Spanish: Starkcrimson 4.00-4.50; Italian: Romes 0.09. Pears—S. African: approx. 34-lb Williams Bon Chretien 6.20, B Hardy 6.00, B. Bosc 5.50. Grapes—Californian: Red Emperor, per pound 0.50-0.56; S. African: Alphonse 5.50-6.00, Waltham Cross 5.00-5.20. Plums—S. African: Kelseys 0.55 per pound. Ortaniques—Jamaican: 54/126s 6.50-7.26. Avocados—Israeli: 4.00-4.20. Melons—Ecuador: White 4.00. Chilean: White 8.50, Colombian: Green 10-kg 8.50. Pineapples—Ivory Coast: Each 12 0.50-0.80, 6s 1.0-1.10; S. African: 6/9s 2.70-3.40. Onions—Spanish: 4.50-6.00; Dutch: 3.50; Canadian: 50-lb 4.00-4.30. Tomatoes—Canary: 4.00-5.50. Bananas—Jamaican: 28-lb 0.17. Lettuce—Dutch: 24s 2.40-2.60, French: 12s 1.20. Cucumbers—Canary: 14/18s 1.50-2.40, Dutch: 3.80. Capsicums—Canary: Per approx 6 kilos 5.40. Celery—Israeli: 20/28s 2.50-3.50; Spanish: 18/36s 2.60-4.00; Californian: 36s 7.20. Chicory—Belgian: 5-lb 1.40-1.00. Potatoes—Italian: Boxes 20-lb 2.80; Egyptian: White 4.20, King Edward 4.60-4.70, Canary: 7.40. Dates—Tunisian: 30s per box 0.36-0.42. Cauliflowers—French: 24s 7.00-7.20; Jersey: 7.00.

English Produce: Potatoes—Per bag 2.30-2.60. Lettuce—Per 12, round 1.10-1.30. Mushrooms—Per pound 0.50-0.55. Apples—Per pound Bramley 0.09-0.16, Cox's Orange Pippin 0.12-0.18, Russets 0.11-0.12. Pears—Per pound Conference 0.07-0.13, Comice 0.16-0.22. Swedes—Per 25/28-lb 0.60-0.70. Turnips—Per 28-lb 1.00. Sprouts—Per pound 0.07-0.08.

AMERICAN MARKETS

NEW YORK, March 6.

GOLD PRICES backed off sharply on commission house selling. This led to a limit decline in copper. Grains and soyabeans finished easier with selling by exporters in new crop corn and local selling in old crop soyabeans. The livestock complex was lower on slow retail meat demand and rising interest rates, putting pressure on producers. Cocoa prices declined on morning arbitrage and trade selling. Coffee closed limit down on a lack of dealer interest. Sugar prices also declined the daily limit on speculative liquidation. Weaker precious metals influenced commission house selling, touching off stops in cotton, reported Heinold.

Copper—March 108.80-109.20 (115.60), April 112.00 (117.00), May 113.80, July 116.80, Sept. 119.40, Dec. 122.80, Jan. 124.00, March 126.30, May 127.80, July 129.30, Sept. 130.80, Dec. 132.80, Jan. 133.50.

Potatoes (round whites)—April 52.1-52.2 (49.3), May 63.2-63.7 (60.3), Nov. 76.4. Sales: 1,199.

Sugar—No. 11: May 24.40-24.50 (25.82), July 26.57 (27.57), Sept. 27.60, Oct. 28.09, Jan. 28.55, March 29.08, May 29.00, July 29.15.

Tin—880.00-885.00 asked (875.00-880.00).

ADD U.S. MKTS—Add NEW YORK — ¶Silver—March 3310.0-3325.0 (3606.0), April 3562.0 (3637.0), May 3605.0, July 3675.0, Sept. 3747.0, Dec. 3827.0, Jan. 3854.0, March 3908.0, May 3962.0, July 4016.0, Sept. 4070.0, Dec. 4140.0, Jan. 4164.0. Sales: 1,400. Handy and Harman bullion spot 3470.00 (3670.00).

CHICAGO, March 6.

Lard—Chicago loose 19.50 (same). New York prime steam 21.00.

Live Cattle—April 69.95-70.10 (70.35), June 72.75-72.85 (73.40), Aug. 72.80-72.65, Oct. 71.65-71.55, Dec. 72.70, Feb. 73.05.

Live Hogs—April 37.30-37.35 (37.77), June 42.10-42.00 (42.45), July 43.50-43.65, Aug. 42.90-42.70, Oct. 42.30-42.35, Dec. 44.87, Feb. 46.90, April 45.55, June 46.20.

‡‡Maize—March 264¾-264½ (285½), May 276-275¾ (277½), July 286½-286¾, Sept. 293¾, Dec. 304-304¾, March 315¾.

Pork Bellies — March 41.25-41.35 (42.35), May 42.85-43.00 (43.90), July 44.50-44.55, Aug 43.65-43.60, Feb. 53.70, March 54.00, May 55.00, July ——, Aug. ——.

Silver—March 3290.0 (3580.0), April 3340.0-3100.0 (3620.0), June 3615.0, Aug. 3675.0, Oct. 3735.0, Dec. 3790.0, Feb. 3850.0, April 3915.0, June 3970.0, Aug. 4030.0, Oct. 4090.0, Dec. 4150.0, Feb. 4210.0, April 4270.0, June 4330.0, Aug. 4390.0.

†Soyabeans—March 631½-632 (641), May 654-655 (664½), July 678½-677, Aug. 689½-689, Sept. 699, Nov. 712-714, Jan 731, March 751.

‖Soyabean Meal — March 172.70 (172.70), May 179.50-179.60 (180.50), July 186.30-186.50, Aug. 189.50, Sept 192.50-193.50, Oct. 195.50-196.00, Dec 199.50-199.80, Jan. 202.50, March 207.50.

Soyabean Oil — March 22.52-22.53 (22.71), May 23.13-23.14 (23.43), July 23.74-23.78, Aug. 24.08-24.10, Sept. 24.45, Oct. 24.70-24.75, Dec 25.15-25.10, Jan. 25.30, March 25.60, May 25.90.

†Wheat—March 437½-438 (443½), May 450-450½ (457¼), July 456-457, Sept. 467, Dec. 483-483½, March 497½.

WINNIPEG, March 6. §Barley—March 100.10 (110.00), May 113.30 (113.50), July 116.20, Oct. 113.30, Dec. 112.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 6.

Wheat—U.S. No. 2 Red Winter April $201. U.S. No. 2 Northern Spring, 14 per cent, March $203, May $200, June $200, July $200.50. Rest unquoted.

Maize—U.S. No 3 Corn Yellow afloat $136.50, March $136.50, April-June $137.75, July-Sept. $142.50, Oct.-Dec. $148, Jan.-March $155.50.

Soyabeans—U.S. Two Yellow Gulfports afloat $269, March $269.50, April $271, May $274, June $279, July $281.75, Aug $285.25, Sept. $289, Oct. $291, Nov. $290.75, Dec. $296.75, Jan. $301, Feb. $307.50, March $310.50 sellers.

Soyameal—44 per cent protein U.S. afloat $229, March $229.50, April-May $231, April-Sept. $235.50, Nov.-March $254. Brazil Pellets March $248, April-May $236, April-Sept. $242.

PARIS, March 6.

Cocoa (FFr per 100 kilos)—March 1270-1304, May 1310-1320, July 1320, Sept. 1360-1374, Dec. 1365-1385, March 1375-1395. Sales at call 0.

Sugar (FFr per 100 kilos)—May 2549-2551, July 2565-2590, Aug. 2635-2640, Oct. 2705-2710, Nov. 2680-2720, Dec. 2760, March 2810-2875, May 2830-2850. Sales at call 64.

INDICES

FINANCIAL TIMES

Mar. 5	Mar. 4	M'nth ago	Year ago
307.54	304.65	309.81	270.25

(Base: July 1, 1952=100)

MOODY'S

Mar. 5	Mar. 4	M'nth ago	Year ago
1427.6	1405.5	1490.9	1071.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 5	Mar 4	Month ago	Year ago
Spot	441.88	439.99	450.71	378.24
F'tur's	463.44	459.04	459.95	383.92

(Average 1924-25-26=100)

REUTERS

Mar. 6	Mar. 5	M'nth ago	Year ago
1797.8	1794.5	1828.6	1547.4

(Base: September 18, 1931=100)

Another secondary oil setback affects equity markets
Longer Gilts turn easier but shorts more resilient

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21

* "New time" dealings may take place from 9 a.m. two business days earlier.

Speculative Oils yesterday suffered their second major setback in three trading sessions, and the movement again had repercussions on many other sectors of stock markets. Leading equities were looking quite comfortable at the opening despite Wall Street's overnight retreat, *but investment enthusiasm was* at first tempered and then completely doused by events in secondary oils.

Rumours that Siebens (UK) was about to announce poor North Sea drilling results sent shock waves through the sector and Siebens came under strong pressure and dropped 224 to 630p. Later, talk that the company had denied knowledge of any imminent statement on exploratory drilling left the market still uncertain, but Siebens made a limited recovery to close a net 174 down at 680p: other current speculative favourites fell in sympathy.

Much later in the afternoon, highly pleasing preliminary figures from the **Royal Dutch/Shell** group temporarily relieved the nervous atmosphere but in trade after the official close even Shell became unsettled and ended 8 down on balance at 402p, *after having rebounded* from 398p to 412p immediately the results were announced. **British Petroleum** also finished easier.

The generally uncertain tone of equity markets was measured by the FT 30-share index which drifted progressively easier to stand 2.9 off at 3 pm before picking up a shade to close 2.4 down on the day at 458.0. Final movements among constituents of the index varied from isolated small gains to falls extending to 8, as seen in BP, at 392p.

In the absence of fresh investment incentive, medium and longer-dated Government securities became pre-occupied again with world interest rates following a U.S. view that Prime Rates could rise to 18 or even 20 per cent. Persistent small offerings in an unreceptive market saw quotations move gradually lower to close around ½ down; the £20-paid long tap stock, **Treasury 14 per cent 1996**, *shed* that much to 18⅞. **War Loan** led the fall in Irredeemables with a loss of ⅝ to 29¼.

Shorter-dated Gilt-edged attrecated a better balanced trade and moved narrowly either way before settling on a mixed note. Demand from high tax-payers for selected low-coupon issues left Exchequer 3 per cent 1981 ⅜ better at 88⅞ and Funding 5½ per cent 1982-84 ¼ up at 77¼.

A steady interest was shown in Southern Rhodesian bonds which ended with good gains in a short market. The 2½ per cent 1965-70 issue rose 8 to £130 and the 6 per cent 1978-81 put on 6 to £142.

Racal attracted a good Traded options business and recorded 399 contracts out of a total of 831. Shell were also in demand on the annual results and contributed 239 deals.

Home Banks dull

Sporadic offerings in an unwilling market brought fresh falls ranging to 8 in home banks. **Barclays**, annual results due March 20, closed 8 off at 430p, while **Midland** gave up 5 to 343p; the latter's preliminary figures are due next Friday. **Lloyds** also ended 5 lower, at 285p, as did **NatWest**, at 345p. Unsettled recently by Mr. Mugabe's election victory *in* Rhodesia, **Standard Chartered** rallied 7 to 492p. Elsewhere, **Antony Gibbs** relinquished 3 to 75p.

With the exception of **London United Investments**, which improved 5 to 155p, Composite Insurances drifted lower on lack of support. **General Accident**, 236p, **Royals**, 333p, and **Sun Alliance**, 566p, all gave up 4 and **Commercial Union** softened 2 to 135p. Among Lloyd's brokers, **C. T. Bowring**, at 133p, lost the previous day's improvement of 4, while **Legal and General** hardened 3 to 178p and **London and Manchester** firmed 4 to 158p in Life issues.

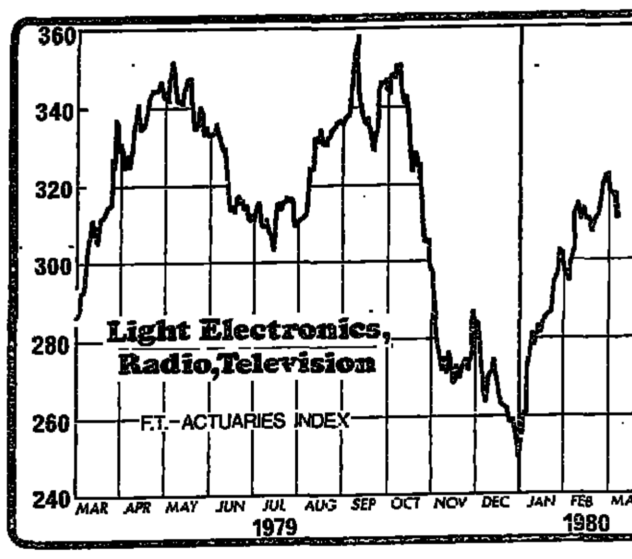
Leading Breweries opened a penny or two firmer, but the movement gathered no momentum and most drifted easier to close around the overnight levels. Distilleries attracted small support and **Tomatin** added 3 to 199p, while **Invergordon** picked *up a couple of pence to* 221p. **Merrydown Wine** rose 3 to 41p folowing news of price increases and the Board's forecast of good current-year profits.

Norwest Holst provided one of the few points of interest in the Building sector, closing at 134p, as compared with the recent suspension price of 111p, following the agreed bid from Dunham Mount. Elsewhere, scattered movements were usually restricted to a few pence either way. **Blue Circle** put on 2 to 312p, while **Vibroplant** put on 5 to 285p in a restricted market. **Galliford Brindley**, on the other hand, eased 2 to 70p on the half-year statement.

Among Chemicals, ICI moved narrowly and settled without alteration at 388p. **Catalin** continued firmer and put on 2 more to 82p, but **Coalite** dropped 6 to 99p on reports of a claim of a *cover-up over workers exposed to Dioxin poison at one of the*

Elys up again

Renewed buying on asset value considerations and vague suggestions of a possible bid from Owen Owen helped **Elys (Wimbledon)** feature. Stores again with a rise of 16 for a two-day jump of 26 to 158p, after 160p; Owen hardened 3 to 111p.



Grant Bros. attracted sympathetic *support* and finished 6 to the good at 38p, after 40p, while **Greenfield Leisure** hardened a penny to 50p following the results and property revaluation details. **Comet Radiovision Services** put on 4 to 94p and **Polly Peck** edged forward 1½ to 223p. **Sumrie**, however, fell 3 to 30p.

Unsettled by the possibility that **Decca** losses could reach £10m for the year, **Racal** encountered selling and closed around the day's lowest of 211p, down 11. In contrast, **Plessey** firmed 2 to 147p, after 150p, following third-quarter figures above recent estimates. Outside of leading Electricals, **Fidelity**, down 9 on Wednesday, weakened afresh to 55p on the proposed redundancies and three-day working before rallying to 59p for a further fall of 7. **BSR** came on offer at 33p, down 3.

Business in the Engineering leaders failed to expand from recent low levels. **GKN** were barely tested at 264p, down a penny, but **Hawker** drifted off to close 6 cheaper at 170p along with **Vickers** which gave up 3 to 130p. Elsewhere, speculative interest lifted **Birmid Qualcast** 4½ to 43p and **Anderson Strathclyde** 3 to 67½p. Buying revived in **Howard Machinery** which improved 2 to 21p, but **Amalgamated Power**, a firm market recently, encountered offerings *and reacted 4 to 85p. Hunt and* **Moscrop** held at 15p despite the sharp fall in annual profits.

Leading Foods usually finished a few pence firmer. **J. Sainsbury** picked up 5 at 305p, while **Northern**, 131p, **Linfood**, 158p, and **Cadbury Schweppes**, 61p, all added around 2. In contrast, suggestions of a pending rights issue clipped 4 from **Tate and Lyle**, 146p. **Associated Fisheries** *found support* and ended 3 to the good at 62p, while **Taverner Rutledge** added a penny to 27p following the reduced full-year loss. Confectioners **Needlers** fell to 38p on the profits setback and the company's warning about current trading, but rallied on consideration of the increased dividend and closed unchanged at 44p. **George Bassett** dipped 6 to a 1979/80 low of 66p in sympathy.

Grand Metropolitan, 139p in *the early business*, closed 2 lower on balance at 136p following the cautious tone of the chairman's annual statement. **Trusthouse Forte** were again buoyed by the recent annual report and picked up 3 more to 177p.

Pilkington lower

Quietly dull conditions returned to the miscellaneous industrial leaders yesterday. **Rank Organisation** closed 10 down at 216p, while **Pilkington** receded 8 to 217p following comment on the group's takeover of a majority holding in the German Flachglas. **Unilever** eased 4 to 443p and **Glaxo** ended a similar amount lower at 246p, while **Bowater** dipped a few pence to 174p and **Turner and Newall** eased 2 to 133p; sentiment in the last mentioned was still unsettled by Mr. Mugabe's success in the Rhodesian election. Among secondary issues, **Staffordshire Potteries** cheapened 3 to 80p following disappointing first-half figures and **Talbex** eased ½ to 6½p on the announcement of boardroom resignations. **Stocklake** gave up a couple of pence to 75p on the reduced half-year profits and **Diploma** lost 7 afresh to 440p on further consideration of the chairman's cautious statement. **Wilkinson Match** fell 7 to 148p and North Sea-oil favourite **Cawoods** relinquished 6 to 178p. By way of contrast, **Hamilborne** encountered renewed speculative interest and closed 5 up at 75p, making a rise on the week so far of 16. Still drawing strength from the good interim results, **AAH** added 3 more to 140p.

Among Leisure issues, **Coral**, preliminary results due early next month, continued dull and shed 4 to 70p, while **Campari** eased 2 more to 70p. **Herrburger Brooks**, on the other hand, were again buoyed by the interim results and rose 4 for a two-day gain of 12 at 75p.

Newspapers were quiet and rarely altered, but **United** provided an outstanding firm feature in rising 11 to 386; last year, the annual results were announced on March 27. Greetings card manufacturers **W. N. Sharpe** added 3 to 231p in response to the higher annual profits and dividend. **Oxley Printing** attracted speculative support and improved 4 to 39p, but **BPC** shed 3 to 29½p.

Properties lacked a decided trend following a small turnover. **Land Securities** softened 3 to 295p and **MEPC** gave up 2 to 200p, but **Stock Conversion** hardened 2 to 370p. **Corn Exchange** were wanted at 357p, up 6, while improvements of 5 were seen in **Percy Bilton**, 250p, and **Churchbury Estates**, 480p.

Siebens weak

Oil shares took another sharp turn for the worse yesterday, the good preliminary results from Shell being overshadowed by early weakness in **Siebens (UK)** which unsettled other secondary issues. A strong market recently on rumours that Marathon had made a big oil find in block 16/3 of the North Sea, Siebens fell away sharply to 630p as talk persisted throughout the day that only gas had been found; the close was 680p for a day's loss of 174. **Cambridge Petroleum** weakened 35 to 270p and **Lasmo** 31 to 475p, while **Aran** fell 24 to 362p. Among the leaders, **Shell**, easier at 398p in front of the preliminary results, moved ahead to 412p on them before reacting afresh to close 8 lower on the day at 402p. **British Petroleum** ended 8 down at 392p.

Mr. Narby's purchase of further shares in **Furness Withy** through two Bermudan investment companies cast doubts about the C. Y. Tung bid and Furness Withy fell to 377p before settling at 380p for a fall of 8 on the day.

Textiles tended to lower levels although the odd firm spot was noted. **Courtaulds** eased 5 to 70p, while Press comment failed to inspire **Lister**, a shade cheaper at 65p. **Tern Consulate**, 70p, and **Hollas**, 75p, both gave up 3, while **Corah**, following lower annual profits, recovered from initial weakness to end only a fraction off at 30p. **Tootal** shed 1½ to 35½p, but **Nottingham Manufacturing** found support and firmed 3 to 93p.

South African Golds ended higher on balance for the first time in four trading days but came under a good deal of pressure in the after-hours trade as the bullion price fell to close $19 down at $627.50 an ounce despite the satisfactory outcome to the latest International Monetary Fund gold auction.

Share prices got off to a good start as the auction result encouraged persistent Johannesburg and London investment demand. In the afternoon, however, prices gave way on U.S. selling following reports of unrest on the Namibia/Angola border and also reflecting the weaker bullion price. The Gold Mines index added 4.6 to 369.3.

Among the cheaper-priced issues, **Grootvlei**, 24 up at 430p, and **Marievale**, 15 better at 198p, gained ground following remarks by the companies' chairman that the strength of the bullion price has increased the lives of both mines.

Golds firmer

Little interest was shown in the Financials. **Gold Fields** ended 5 up at 533p, after 537p, on further consideration of the increased profits and dividend. **Selection Trust** moved up 16 to 786p in quiet trading.

Platinums moved ahead strongly at the outset reflecting the buoyant free market platinum price which moved through the $1,000 an ounce level on Wednesday. A reaction in the metal price, however, prompted a similar trend in the producers. **Impala** closed a net 10 firmer at 358p after a 1979-80 high of 364p, while **Rustenburg** ended 22 up at 294p, after 300p.

Diamond exploration issues **Gem Exploration** and **Leichardt** were prominent in a generally quieter Australians section.

Rumours of an imminent progress report from its southern African interests encouraged heavy buying of **Leichardt** which jumped 120 to 700p, while talk that **Gem Exploration** has won its court case over ownership of an area adjacent to the Ashton venturers Argyle prospect lifted Gem's shares by 16 to 54p, after 56p.

FINANCIAL TIMES STOCK INDICES

	Mar. 6	Mar. 5	Mar. 4	Mar. 3	Feb. 29	Feb. 28	A year ago
Government Secs.	63.94	64.31	63.96	64.80	64.95	65.34	73.10
Fixed Interest	64.74	64.86	64.80	65.26	65.98	66.07	73.09
Industrial	458.0	460.4	458.1	455.6	457.1	469.1	500.3
Gold Mines	369.3	364.7	366.9	375.4	377.9	372.0	161.7
Ord. Div. Yield	7.35	7.31	7.37	7.39	7.21	7.07	5.61
Earnings, Yld. % (full)	17.79	17.68	17.83	17.56	17.48	17.39	14.34
P/E Ratio (net) (*)	6.89	6.93	6.87	6.98	7.03	7.05	8.95
Total bargains	21,686	20,274	22,620	22,072	20,085	21,039	—
Equity turnover £m	—	105.47	100.56	88.99	114.63	121.13	150.00
Equity bargains total	—	18,497	17,326	15,973	18,307	18,477	23,216

10 am 460.3. 11 am 459.4. Noon 458.7. 1 pm 458.2. 2 pm 458.2. 3 pm 457.5.

Latest Index 01-246 8026.

*Nil=6.63.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	77.76 (6/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord....	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 6	Mar. 5
—Daily		
Gilt Edged...	149.9	153.1
Industries...	116.2	184.3
Speculative...	54.5	65.7
Totals...	85.1	90.3
5-d'y Av'rge		
Gilt Edged...	146.5	139.3
Industries...	120.4	131.3
Speculative...	59.0	56.8
Totals...	89.1	89.9

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (37)

CANADIANS (1)
Gulf Oil of Canada

BEERS (1)
Marston Thompson

BUILDINGS (2)
Norwest Holst Vibroplant

CHEMICALS (2)
Catalin Rentokil

STORES (1)
Polly Peck

ELECTRICALS (2)
Dubilier Standard Tel. Cables

ENGINEERING (2)
M.L. Holdings Midland Inds.

HOTELS (1)
Stakis (Reo.)

INDUSTRIALS (3)
A.A.H. Hamilborne
Ashley Ind. Trust

INSURANCE (1)
Sun Life

NEWSPAPERS (1)
Haynes Publishing

PROPERTY (1)
Corn Exchange

SHIPPING (1)
Fisher (J.)

TRUSTS (3)
Lazard Stg. Res. London Inv.
Hampton Trust

TEAS (1)
McLeod Russel

MINES (14)
Durban Deep Kloof Gold
E R G.O. Stilfontein
Grootvlei Welkom
Leslie Western Hldgs.
Marievale U.C. Inv.
Blyvoor. Impala Platinum
Hartebeest. Anglo-Dominion

NEW LOWS (28)

BRITISH FUNDS (1)
Conv. 3½pc '61 Af

AMERICANS (5)
Caterpillar Tractor City Inv.
Citicorp Sta. Com. Pt.
Transamerica

CHEMICALS (2)
Hoechst Yorks. Chems.

STORES (1)
Amber Day

ELECTRICALS (3)
Concord Rotaflex Cumber Scott
Fidelity Radio

ENGINEERING (3)
Eva Inds. Wadkin
Firth (G. M.)

FOODS (1)
Bassett (G.)

INDUSTRIALS (5)
Austin (F.) (Leyton) Steetley
Brown Boveri Kent Sterling Inds.
Esselte AB
Hyman (I. & J.)

LEISURE (1)
Pan Atlas

PAPER (1)
Culter Guard Bridge

TEXTILES (2)
Carrington Viyella Tootal

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	400	21	6	36	1	50	—	393p
BP	420	10	7	25	—	—	—	,,
BP	440	10	1	18	—	—	—	,,
Com. Union	140	6	—	11	8	16	—	137p
Com. Union	160	1½	—	3	—	10	—	,,
Cons. Gold	460	78	11	105	—	138	—	531p
Cons. Gold	500	44	26	78	—	100	—	,,
Cons. Gold	550	20	19	42	23	64	7	,,
Courtaulds	80	2½	10	5	—	7	—	71p
GEC	390	16	—	36	10	46	—	377p
GEC	420	6	4	—	—	—	—	,,
Grand Met.	120	19	—	25½	1	—	—	136p
Grand Met.	140	6	12	12	—	16½	—	,,
ICI	360	30	20	33	—	46	—	388p
ICI	390	13	15	18	—	28	—	,,
Land Secs.	300	14	25	25	—	39	1	297p
Land Secs.	330	5	5	13	10	18	—	,,
Marks & Sp.	90	8½	1	12	—	16	—	92p
Shell	360	46	6	68	—	82	—	405p
Shell	390	25	39	44	67	62	—	,,
Shell	420	12	26	26	37	38	—	,,
Totals			279		158		8	
		May		August		November		
Racal Elec.	180	40	343	44	—	—	—	211p
Racal Elec.	220	12	41	30	—	31	—	,,
Racal Elec.	240	4½	10	13	5	—	—	,,
Total			394		5			

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	9	51	20
Corpns. Dom. and Foreign Bonds	13	1	52
Industrials	159	301	857
Financial & Prop.	54	108	322
Oils	4	26	15
Plantations	6	3	11
Mines	74	23	53
Others	33	58	74
Totals	364	565	1,405

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Mar. 6, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Mar. 5 Index No.	Tues. Mar. 4 Index No.	Mon. Mar. 3 Index No.	Fri. Feb. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	244.41	-0.4	17.95	6.42	7.02	245.34	244.01	247.67	248.75	249.40
2	Building Materials (27)	237.87	-0.7	16.71	6.60	7.64	239.60	238.71	242.68	242.59	224.80
3	Contracting, Construction (29)	373.34	+0.3	25.40	6.52	4.89	372.07	372.66	375.56	377.28	373.36
4	Electricals (15)	630.56	-0.2	12.80	3.93	10.40	632.07	623.05	633.91	637.27	596.05
5	Engineering Contractors (12)	289.78	-1.1	25.56	8.85	4.98	293.05	293.18	297.96	298.58	383.28
6	Mechanical Engineering (74)	166.79	-0.6	20.66	7.85	6.01	167.76	167.13	169.27	170.81	190.82
8	Metals and Metal Forming (16)	168.99	-0.1	20.59	9.16	5.78	169.14	168.98	170.43	171.28	169.92
	CONSUMER GOODS										
11	(DURABLE)(50)	219.54	-1.6	16.25	5.57	7.57	223.10	222.93	226.35	226.32	227.65
12	Lt. Electronics, Radio, TV (15)	310.20	-2.1	12.40	4.15	10.35	316.80	316.93	322.21	322.08	303.10
13	Household Goods (14)	109.22	-0.7	27.83	10.04	4.25	110.04	110.05	111.21	112.31	161.81
14	Motors and Distributors (21)	110.64	-0.5	24.09	8.42	4.87	111.15	110.70	112.10	111.93	122.17
21	CONSUMER GOODS (NON-DURABLE) (173)	222.71	-0.3	18.18	6.87	6.78	223.33	223.11	224.22	225.11	235.18
22	Breweries (14)	268.93	—	16.44	6.53	7.14	268.87	264.66	270.16	272.87	254.43
23	Wines and Spirits (5)	305.73	+0.1	17.75	6.06	6.95	305.53	301.38	303.71	304.69	337.71
24	Entertainment, Catering (17)	310.90	-0.6	17.82	6.75	7.01	312.63	302.90	308.64	308.27	309.86
25	Food Manufacturing (19)	199.82	-0.2	20.42	7.44	6.05	200.18	197.59	199.41	201.30	219.40
26	Food Retailing (15)	308.10	+0.5	13.48	4.87	8.86	306.66	303.27	306.69	306.96	270.78
32	Newspapers, Publishing (13)	434.10	-0.1	23.14	6.89	5.90	434.51	435.67	441.92	444.11	414.57
33	Packaging and Paper (15)	130.61	-0.6	22.81	8.71	5.54	131.39	130.40	131.83	132.63	146.68
34	Stores (43)	224.61	-0.2	13.69	5.67	9.44	224.95	224.11	226.87	227.12	222.43
35	Textiles (24)	128.56	-1.1	28.18	11.93	4.48	130.00	129.93	130.58	132.24	180.09
36	Tobaccos (3)	199.40	-1.5	29.20	11.80	3.89	202.36	201.89	207.13	207.23	272.44
37	Toys and Games (5)	34.89	-0.6	43.18	14.57	2.85	35.02	35.73	37.30	37.70	91.61
41	OTHER GROUPS (97)	208.33	-0.8	15.28	6.93	7.93	209.73	208.97	212.69	213.21	214.11
42	Chemicals (17)	306.79	-0.5	15.98	7.75	7.24	307.68	307.61	312.30	313.74	305.32
43	Pharmaceutical Products (7)	211.89	-1.0	12.92	6.94	10.15	214.14	212.51	214.61	216.49	266.47
44	Office Equipment (6)	117.56	-3.1	17.98	6.95	6.47	121.27	120.44	122.65	123.06	163.19
45	Shipping (10)	478.18	-0.5	11.67	6.75	11.53	480.45	481.56	489.47	494.24	425.96
46	Miscellaneous (57)	240.37	-0.7	16.46	6.66	7.70	242.10	246.12	250.88	251.40	232.19
49	INDUSTRIAL GROUP (492)	231.57	-0.5	17.28	6.68	7.15	232.77	231.24	234.75	235.58	240.52
51	Oils (8)	824.02	-1.9	13.63	5.80	7.93	840.16	817.36	834.75	836.82	645.12
59	500 SHARE INDEX	278.20	-0.8	16.47	6.48	7.31	280.53	277.39	281.96	282.45	270.39
61	FINANCIAL GROUP (117)	195.56	-0.6	—	5.86	—	196.79	195.93	199.37	200.28	192.11
62	Banks (6)	220.91	-1.6	39.76	6.50	3.09	222.28	220.79	224.00	225.60	225.13
63	Discount Houses (10)	214.29	-0.1	—	9.31	—	214.42	216.34	215.98	215.86	223.80
64	Hire Purchase (5)	186.62	-0.1	17.60	5.32	7.38	186.73	185.16	188.41	188.61	181.21
65	Insurance (Life) (10)	175.40	+0.6	—	6.00	—	174.39	173.78	175.42	176.26	144.21
66	Insurance (Composite) (9)	126.00	-1.1	—	7.70	—	127.43	126.45	128.04	128.61	135.96
67	Insurance Brokers (10)	285.13	-0.7	17.29	6.87	8.31	287.17	283.19	287.11	291.84	324.77
68	Merchant Banks (14)	103.73	-0.4	—	5.83	—	104.10	104.99	105.44	105.71	95.71
69	Property (44)	368.22	-0.2	3.65	3.00	39.51	368.87	368.87	380.63	379.40	328.95
70	Miscellaneous (9)	132.13	+0.9	15.72	6.92	8.35	130.89	130.52	132.74	132.73	122.05
71	Investment Trusts (109)	221.31	-0.2	—	5.87	—	221.66	222.47	226.60	227.63	219.05
81	Mining Finance (4)	216.39	—	10.65	4.09	11.07	216.35	214.18	218.15	219.65	124.78
91	Overseas Traders (20)	416.69	+0.2	12.16	6.46	10.07	415.95	413.99	421.99	418.95	352.34
99	ALL-SHARE INDEX (750)	259.33	-0.7	—	6.27	—	261.19	258.82	263.23	263.81	249.11

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Mar. 6	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.89	+0.06	—	2.30
2	5-15 years	102.31	-0.36	—	2.09
3	Over 15 years	106.43	-0.39	—	2.11
4	Irredeemables	118.33	-1.60	—	3.78
5	All stocks	102.64	-0.24	—	2.15

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs. Mar. 6	Wed. Mar. 5	Year ago (approx.)
1	Low	5 years	13.21	13.19	13.89
2	Coupons	15 years	13.08	13.03	13.46
3		25 years	13.08	13.03	13.32
4	Medium	5 years	15.35	15.36	15.99
5	Coupons	15 years	14.67	14.60	14.84
6		25 years	14.45	14.37	12.02
7	High	5 years	15.27	15.21	11.39
8	Coupons	15 years	15.00	14.93	12.30
9		25 years	14.86	14.79	12.45
10	Irredeemables		12.47	12.26	10.85

		Thurs., March 6 Index No.	Yield %	Wed. March 5	Tues. March 4	Mon. March 3	Fri. Feb. 29	Thurs. Feb. 28	Wed. Feb. 27	Tues. Feb. 26	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	50.80	†14.78	50.19	50.26	50.29	50.32	50.03	50.84	50.83	54.57
16	Investment Trust Prefs. (15)	47.55	13.94	47.55	48.15	48.15	47.89	47.89	48.09	48.35	50.16
17	Coml. and Indl. Prefs. (20)	61.04	14.64	61.16	61.41	61.66	61.44	61.50	61.53	61.68	70.69

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
ICI	£1	10	388	-2	415	314
Racal Electronics	25p	10	211	-11	276	168½
Shell Transport...	25p	9	402	-8	410	278
BP	25p	8	392	-8	414	220½
Burmah Oil	£1	8	229	-2	249	82
Royal Dutch	Fl.20	8	£36⅞	+⅛	£47½	£31½
Status Discount...	10p	8	66	+1	85	20
Amal. Power	25p	7	85	-4	144	62
BAT Inds.	25p	7	233	-5	362	230
Plessey	50p	7	147	+2	151	101
Tube Invs.	£1	7	292	—	436	250
Courtaulds	25p	6	70	-2	122	70
Harris Queensway	20p	6	186	+1	190	36
R.H.M.	25p	6	47½	+1	53	41
Trusthouse Forte	25p	6	177	+3	198	127

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21

For rate indications see end of Share Information Service

Money was given for the call in Town and City, Britannia Arrow, Lonrho, Premier Oil, Burmah, Leslie Gold Mines, Debenhams, LRC, Maple, Provincial Laundries, Barker and Dobson, Clive Discount, CRA, Lee Cooper and Coral Leisure. Puts were done in Grand Metropolitan, Shell and New Throgmorton Warrants, while a double was arranged in Burmah.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or -	Div.	Times Covered	Gross Yield	P/E Ratio
50	F.P.	—	140	114	Berkley Exploration	114	-11	—	—	—	—
£1	F.P.	21/3	108	100	Child Health Res'ch	100	[illegible]	—	—	—	—
§50	F.P.	21/3	105	98½	Emess Lighting	103	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	28/2	111	111	Globe Inv Tst 11¼ Conv Uns Ln '90-95	111	—	—	—	—	—
[illegible]	F.P.	7/3	98	92	Keep Inv. Trust 8p	94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	72	72	Lon.Merc'tSecs.Defd	84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	86	57	Sappho Plant 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
144	F.P.	—	60	57	WebberElctCom.5p	60	+1	b3.5	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or -
[illegible]	F.P.	—	37p	35½p	Aurora 3.85% Cum. Pref.	36½p	[illegible]
[illegible]	F.P.	[illegible]	18½p	18p	Clifford'(Chas.) 13% Cum. Pref.	18p	[illegible]
[illegible]	£10	[illegible]	98p	93	Felixstowe Dock 9⅛% Cum Red Pref.	93	[illegible]
[illegible]	F.P.	[illegible]	18p	85p	Hewitt (J.) 10% Cum. Pref.	86p	[illegible]
[illegible]	£10	29/5	8¾	7⅜	Mid Kent Water 9% Red Pref. 1985	7⅝	[illegible]
[illegible]	F.P.	24/4	97	93	Rik'm'nw'h & Uxbridge Wtr. 9% Red. Pf 1985	95	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or -
135	Nil	—	33pm	27pm	AGB Research	31pm	—
$23.50	Nil	—	16pm	6pm	Bank of Montreal	6pm	-1
380	Nil	—	61pm	25pm	Cluff Oil	30pm	+5
52	F.P.	[illegible]	53	50	Edwards (Louis C.)	50	—
60	F.P.	[illegible]	181pm	69pm	Elson & Robbins	95pm	—
45	F.P.	[illegible]	10pm	66	Hammerson Prop. A	570	-5
60	Nil	—	45pm	30pm	Pancontinental	40pm	—
25	F.P.	[illegible]	72	57	Paringa	57	—
25	F.P.	[illegible]	84	60	Premier Cons. Oilfields	72	—
[illegible]	F.P.	[illegible]	78	75	Rand London Coal	75	—
[illegible]	F.P.	—	46	45	Do. Ptg. Prf.	45	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds International Mgmnt. S.A. [illegible]

Lloyds Bank International, Geneva [illegible]

M & G Group [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

Bank of Bermuda Bldgs., Hamilton, Brmda. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents. [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. (x) [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Unilife Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.0	51.9	-0.5	1.93
Abbey Capital	36.6	39.5	-0.2	5.59
Abbey General	47.9	51.2	-0.1	5.78
Abbey Gilt & F.I. Tst.	98.1	104.4	-0.2	4.79
Abbey Income	41.9	45.3	-0.2	8.51
Abbey Intl. Bd. Tst.	92.3	96.6	-0.2	5.69
Abbey Inv. Tst. Fnd.	37.8	40.9	+0.1	5.80
Equitas Prog. Trust	70.4	76.2	-0.4	5.70

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.3	94.1xd	-0.3	13.40

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	76.6	82.0xd	-0.4	5.85
Brit. Inds. Fund	70.3	75.2	-0.1	5.98
Growth & Income	42.1	45.0	-0.2	5.60
Elect. & Ind. Dev.	38.7	41.4	-0.2	5.07
Allied Capital	78.8	84.3	-0.4	5.22
Hambro Fund	119.8	128.2	-0.3	5.73
Hambro Acc. Fund	146.6	156.9	-0.5	5.35

Income Funds

High Yield Fd.	69.0	73.8xd	-0.3	10.09
High Income	70.0	74.9xd	-0.1	7.88
A. H. Eq. Inc.	41.6	44.5xd	----	7.84

International Funds

International	28.9	30.9xd	-0.1	3.50
Pacific Fund	46.8	50.1	-0.3	2.47
Secs. Of America	59.6	63.8	-0.8	2.19

Specialist Funds

Smaller Co.'s Fd.	48.8	52.2	----	4.50
2nd Smlr. Co's Fd.	57.2	61.2xd	+0.2	4.66
Recovery Sits.	116.6	124.8	-0.3	6.21
[illegible]				

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Feb. 22	213.0	227.2	----	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	19.6xd	----	7.07
Gt. Winchester O'seas	20.8	23.1xd	----	4.78

Emson & Dudley Tst. Mngmnt. Ltd.
20a Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	----	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	76.4	80.4	-0.5	5.00

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.6	28.1	-0.4	1.00
Fixed Interest	25.1	26.5	-0.1	12.10
Growth + Income	29.5	31.7	+0.1	7.80
Special Sits.	30.0	31.6	+0.1	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	29.3	31.5	----	2.30
Accum. Units	35.6	37.2	----	2.30
J. Finlay High Income	34.4	37.0	----	9.59
J. Finlay Euro.Fin.	21.8	23.4	----	3.65
Accum. Units	26.9	28.9	----	3.65
J. Finlay Fd.In.Tst.	32.0	34.4	----	5.35
Accum. Units	38.6	41.5	----	5.35

Prices on March 5. Next dealing March 12.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	52.4	55.6	----	1.30
American Turnaround	52.8	56.0	----	2.00
Capital Tst.	53.4	56.6	----	4.80
(Accum. Units)	54.0	57.4	----	4.80
Extra Income Trust	49.0	52.0	+0.4	10.12
Income Tst.	38.0	40.4	-0.2	8.24
Int. Growth Fd.	44.2	47.0	-0.6	2.14
(Accum. Units)	47.0	49.8	-0.4	2.14

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Units	49.8	53.2	-0.2	4.78
Do. Accum.	68.6	73.3	-0.3	4.78

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 28	120.1	121.6	----	5.13

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

High	Low	Stock	Price	+ or -	Int.	Red. Yield
103¾	96	FFI 13pc 1981	96⅛	+¼	13.44	16.92
108¼	93½	Do. 14pc '83	94¼	+¼	14.86	16.04
86½	77½	ICFC 5½pc Deb. '80-82	80¾xd	+1	6.81	14.90
85	69	Do. 6¼pc Db. '81-84	73	+½	8.82	15.20
99	79½	Do. 10½pc Uns.Ln. '86	84	......	12.77	15.20
99	77	Do. 11pc Uns.Ln. '88	83	+½	13.59	14.75
101½	80	Do. 11¾pc Uns.Ln. '90	85½	+1	14.12	15.10
72½	54½	Do. 7¼pc ADeb. '89-92	58½	+½	12.88	15.80
69	51½	Do. 7¼pc A Db. '91-94	54xd	+½	13.42	15.20
72	64	Do. 9pc 'A' '91-94	64½xd	......	13.95	15.10
78½	61	Do. 8⅞pc Ln. '92-97	62½xd	+½	14.20	14.85
102	84½	Do. 12¼pc. Uns. Ln. 1992	85½xd	+1	14.61	15.15

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's	P/E
110	50	Clive Dis'nt 20p	50	......	5.33	—	15.2	—
224	121	Com'l Aus. ($A1)	148	+4	†Q18c	3.0	6.4	5.2
*935	862	Com'zbk DM 100	890	......	Q26.69%	—	7.8	—
£13½	900	C'hgn. Hbk. Kr100	975	......	Q13%	—	13.6	—
41	20	Corinthian 10p	34	......	†1.05	5.9	4.4	3.9
£24¾	£15	Cred. France F75	£17	......	Q12.5%	—	6.1	—
13	5	Dawes (G. R.)	12	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£63½	......	Q28.12%	—	5.8	—
90	55	F. C. Finance	60	......	2.2	4.9	5.2	5.5
17	5¼	First Nat. 10p	15¼	......	—	—	—	0.9
4	1½	Do. Wrrts. 75-83	2¼	......	—	—	—	—
266	178	Gerrard Natnl	208	......	†9.12	—	6.3	—
83	38	Gibbs (A.)	75	-3	2.2	—	4.2	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Algeria 58-10, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535-13-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex: 220044 Tel: 236.57.43

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
78	48	Hay (Norman) 10p	54	......	3.7	1.6	9.8	8.2
*176	98	Hay's Wharf £1	166	−2	F7.21	3.1	6.2	(6.5)
65	27	Henlser 'A' 10p	61	......	2.5	3.5	5.9	7.0
132	72½	Hepworth Ceram.	104½	......	t4.9	3.6	6.7	7.2
76	25	Hestair	26	−1	‡3.5	—	‡	—
*50	18	Hewitt (J.) 5p	49	......	1.28	6.3	3.7	5.4
72	40	Highgate & Job 10p	41	−1	—	—	—	—
100	58	Hill (Chas.) £1	65	......	d2.0	—	4.5	—
*49½	23	Hirst Mallinson 20p	29xd	......	2.6	ϕ	12.8	ϕ
90	74	Holden (A.)	75	−3½	†4.0	3.0	7.6	5.2
75	43	Hollis Bros	47	......	†5.12	1.8	15.6	4.5
256	148	Holt Lloyd Int. 10p	245	+1	†9.0	2.3	5.2	13.4
222	107	Hoover 'A'	135	......	12.0	ϕ	13.3	ϕ
163	93	Hopkins & H 20p	95	......	10.39	1.6	15.6	5.9
83	23½	Howard Tenens	60#	......	†61.9	—	3.4	—
375	142	Hunting Assoc.	370	......	22.5	11.4	1.0	18.5
90	48	Huntleigh 10p	86	+1	†0.76	6.5	1.3	15.6
90½	40	Hutch Whamp $HK1	76½	+½	Q23c	2.5	2.8	14.2
35	21½	Hyman (I. & J.) 5p	21½	−½	†d0.96	3.6	6.4	6.2
£20¾	£10⅝	I.C. Industries $1	£10¾	......	Q$1.84	—	7.7	—
143	97½	ICL	135	−3	h2.97	6.9	3.2	5.0
34	25	Ingall Inds. 10p	28	......	2.06	1.7	10.5	8.1
146	68½	Initial Services	130	......	†5.5	2.5	6.0	7.7
31	10	Inter-City 20p	15½	+½	1.17	4.0	10.8	2.7
68	45½	J. B. Holdings 10p	55	......	†1.47	7.2	3.6	5.7
175	72	Jacksons Bourne	135	+2	†43.0	3.3	3.2	12.8
19	14½	Jarvis (M.) Hldgs. 20p	15½	−½	20.75	3.3	6.9	9.3
206	100	Jardine M. $HK5	152	+1	‡Q77c	2.2	4.8	10.4
35	25½	Jentique	26xd	......	2.48	1.6	13.6	4.8
15½	5	Johnson & Barnes	5½	......	—	—	—	2.1
180	105	Johnson Clrs.	176	+1	†5.06	4.4	4.1	6.2
300	253	Johnson Mthy. £1	297	+3	†8.5	2.9	4.1	10.2
54	36	Jourdan (T.) 10p	54	......	d5.22	1.1	8.5	(4.0)
74	35½	Kalamazoo 10p	74	......	3.75	1.6	7.2	12.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
137	79	Howden (A.) 10p	106	+1	7.0	1.6	9.4	8.9
£46	£36	Do Warrants	£45		—	—	—	—
190	138	Legal & General	178	+3	†6.51	—	5.2	—
160	118	Lon. & Man. 5p	158	+4	†7.24	—	6.5	—
195	120	London United 20p	155	+5	†5.31	4.2	4.9	6.9
194	88	Minet Hldgs. 20p	99	......	†3.72	3.9	5.4	6.1
60	26	Moran (Chris) 20p	30	......	4.0	1.3	19.0	5.7
304	216	Pearl 5p	292	......	14.05	—	6.9	—
306	198	Phoenix	232	−2	†11.56	—	7.1	—
158	132	Provident	150	......	†9.12	—	8.7	—
193	134	Prudential	180	......	†8.06	—	6.4	—
172	132	Refuge 5p	162	......	†9.2	—	8.1	—
443	288	Royal	333	−4	21.5	—	9.6	—
123	78	Sedg Forbes 10p	96	−1	T5.0	2.1	7.4	9.0
110	67	Stenhouse	74	−1	4.52	2.1	9.0	7.1
230	158	Stewart Wr. 20p	192	−1	†11.05	2.4	7.9	6.7
682	474	Sun Alliance £1	566	−4	†22.5	—	5.7	—
156	95	Sun Life 5p	156	+3	6.54	—	6.0	—
938	470	Taisho Mar. EDR	470	−11	Q10%	—	0.3	—
195	85	Trade Indemnity	187	......	†4.69	—	3.6	—
£27¾	£15¼	Travelers $2.50	£16¾	−¼	Q$2.48	—	6.7	—
270	185	Willis Faber	242	+2	†10.05	2.2	5.9	11.2

LEISURE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
100	55	Anglia TV 'A'	72	+1	3.57	ϕ	7.3	ϕ
109	78	Assoc. Leisure 5p	96	......	†4.25	2.6	6.3	7.9
167	103	Barr & W.A.T. 'A'	128	......	†6.75	6.6	7.5	5.2
102	52	Black Edgtn. 50p	52	......	td4.99	1.6	13.7	5.7
202	103	Boosey & Hawkes	104	+1	5.67	2.5	7.8	6.6
115	70	Campari Int. 20p	70	−2	†h3.65	3.5	7.7	4.1
133	56½	Coral Leis. 10p	70	−4	†6.7	2.8	13.7	5.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL & GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued
CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	400	+15	Q54c	2.2	7.7
680	132	Falcon Rh.50c	630	+10	Q100c	1.7	10.9
48	11	Rhod'n Corp. 16⅔p	37	+2	0.56	6.5	2.2
267	70	Roan Cons. K4	225xd	−2	†Q0.12	ϕ	3.4
67	26	Wankie Col. Rh.1	58	+5	Q9c	1.5	10.7
57	9	Zam.Cpr.SBD0.24	44	+1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	19	+2	—	—	—
115	50	Bond Corp.	104	......	Q3.75	2.2	1.8
234	100	Bougainville 50 Toea	218	+4	Q39c	ϕ	9.5
265	84	BH South 50c	225	......	—	—	—
25	11½	Canada Northwest	19½	−½	—	—	—
54	8	Carr Boyd 20c	34	+2	—	—	—
£26	340	Central Pacific	£23	+½	—	—	—
356	170	Conzinc Riotinto 50c	296	+6	Q15c	ϕ	2.6
39	14	Cultus Pacific N.L.	38	+2	—	—	—
*50	2½	Eagle Corp. 10c	35	......	—	—	—
26¼	11	Endeavour 20c	21½	......	—	—	—
258	62	G. M. Kalgoorlie 25c	240	+5	†Q3c	—	0.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS
3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES

Friday March 7 1980

Iran students give way on hostages

BY SIMON HENDERSON IN TEHRAN

AN END to the four-month crisis between Iran and the U.S. appeared closer yesterday.

It was agreed in Tehran that the American hostages being held by militant students would be handed over to the ruling Revolutionary Council.

The students' refusal to make any concessions collapsed as the United Nations special commission investigating Iran's grievances against the Shah was preparing to leave. The five-man commission has so far failed to see the hostages.

But it is still by no means clear when—or if—the hostages seized nearly four months ago will actually be freed.

Just when the hostages will be handed over "will be decided tonight or tomorrow," one student told a news agency.

The Revolutionary Council was scheduled to meet last night to discuss the situation.

Ayatollah Khomeini, Iran's religious leader, has decreed that the future National Assembly, scheduled to be elected later this month and convene early in April, will set the terms for the hostages' release.

A factor which may have influenced the students was the Ayatollah's failure to back them in their refusal to allow the commission to see the hostages.

Last night Mr. Sadeq Qotbzadeh, Foreign Minister, said a Government committee would be established today to decide how the hostages would be handed over.

He added that the commission should be allowed to assess the hostages' health.

It is still uncertain whether there are 49 or 50 hostages. Clergy who visited them at Christmas counted 43, raising fears that some have been harmed.

A face-saving formula can be expected to be devised by President Abol Hassan Bani-Sadr, who wants to defuse the crisis. Ayatollah Khomeini will have to approve the hostages' release.

It remains to be seen whether publication of the commission's report and widespread condemnation of the Shah's rule will be enough.

Diplomats in Tehran would only express cautious optimism yesterday. They said President Bani-Sadr faces challengers in the Revolutionary Council and the election of an Assembly sympathetic to his views is by no means assured.

The apparent breakthrough came without any public comment by Ayatollah Khomeini. Iran's 79-year-old leader could make a sudden announcement which might hamper a resolution.

Documents submitted to the commission allege that prominent Americans such as former President Gerald Ford, Dr. Henry Kissinger, Mr. David Rockefeller, Mr. Spiro T. Agnew and Mr. John V. Lindsay had questionable business dealings with the Shah.

The documents were released by the Iranian Central Bank Governor, Mr. Ali Reza Nobari.

The central bank released photocopies of an index of the alleged documents and written confirmation that the commission had received them.

In New York, Iran's regime has filed a suit against the Shah's twin sister, who lives in Manhattan. It faces jurisdictional problems in its lawsuit against the Shah.

The suit alleges she used her position as the Shah's "closest adviser, agent and confidente" to divert at least $3bn for her own use.

● Six oil pipelines were blown up in the south-western province of Khuzestan, the Kayhan newspaper reported yesterday. Mr. Ali Akbar Moinfar, Minister of Oil, said the explosions would not affect exports but would reduce the Abadan refinery's capacity by 10 per cent, or some 50,000 barrels a day.

Germany cautious on EMS trade-off

By Jonathan Carr in Bonn

WEST GERMAN Government officials believe an early decision by Britain to become a full member of the European Monetary System could improve the atmosphere on negotiations on Britain's EEC budgetary problems.

But neither Bonn nor its EMS partners would regard the step as a major concession which would merit meeting Britain's budgetary demands. Britain is seeking a substantial cut in its EEC net contributions, estimated at over £1.2bn this year.

A British decision to join the EMS would be welcomed by Bonn as a helpful gesture, as would a British statement stressing that its North Sea oil prices will stay in line with those for comparable oil from elsewhere. But neither move is seen as a precondition for a Brussels settlement, or as assuring success.

The Germans point out that as a full EMS member, Britain would have an important role to play in shaping the development of the projected second stage, which is due to include the establishment of a European Monetary Fund and fuller use of the European Currency Unit (ECU) as a reserve asset. But Bonn is not disposed either to pay larger sums through the EEC budget simply to purchase Britain's EMS co-operation, or to urge others—notably the French—to do so.

The budget negotiations at the European Council in Brussels on March 31 and April 1 are likely to be very tough indeed. The Germans agree with France that a package deal should be sought combining accord on a smaller British contribution with savings on argricultural expenditure and an EEC regulation on lamb for the French.

Both the EMS and the budget problem were raised in talks in London last month between Chancellor Schmidt and Mrs. Thatcher. Herr Schmidt is said to have been interested to learn first hand about Britain's attitude, in view of reports that the Government felt the strength of sterling raised grave problems for participation in the EMS's exchange rate mechanism.

Before the EMS began last year, the British had appeared to fear that it was sterling's weakness which spoke against participation.

Stable EMS highlight of gloomy EEC report, Page 2

£2bn outflow after controls end

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ABOLITION of exchange controls resulted in capital outflows of about £2bn in the second half of last year.

But they were more than offset by flows into sterling attracted by high UK interest rates relative to those abroad.

Controls were abolished on October 23 after a two-stage relaxation in June and July.

Central Statistical Office figures published yesterday show a large part of the outflows represented net repayment of foreign currency borrowing used to finance overseas investment.

The end of controls does not yet appear to have had a marked effect on investment, either directly in factories and plant, or on portfolio purchases of shares and property.

But, there was some rise in portfolio investment in the F... by insurance companies and pension funds in the late summer; and in U.S. securities between October and December.

The limited impact on direct investment is in line with earlier evidence that controls did not significantly affect spending abroad by UK industry, although there may be a change in the way such expenditure is financed.

There has been an increased transfer of money by emigrants.

The net impact of the end of controls has been limited by sterling's status as a "petro-currency" and, in particular, by relatively high interest rates.

This was reflected in a rise in official and private sterling balances of £1.69bn in the fourth quarter of last year, following an increase of £1.29bn in the previous three months. There was a capital account surplus of £458m in the fourth quarter.

Over 1979, the capital account surplus was £4.1bn after a deficit of £2.1bn the previous year.

This more than offset a shift in the current account from a surplus of £932m in 1978 to a deficit of £2.44bn last year.

This was the result of a £1.8bn rise in the deficit on visible trade, and a £1.5bn decline in the invisibles surplus to £875m, the lowest since 1971.

Among other factors, the latter was caused by a sharp rise in overseas oil companies' profits from North Sea operations and a move into deficit on the banks' net Eurocurrency earnings.

The net surplus from travel fell by £291m to £663m because more British residents went abroad and spent more on each visit.

This meant a near 30 per cent rise in travel expenditure in real inflation-adjusted terms. In contrast, travel earnings dropped in real terms.

Overall, the private sector and public corporations last year had a £4.49bn surplus on services and interest, profit and dividends, compared with £5.53bn in 1978.

There was a rising deficit on Government transactions, notably because of increased net contribution to the EEC Budget from £815m to £971m.

Company liquidity figures, Page 8

Nkomo refuses to be Zimbabwe President

MR. JOSHUA NKOMO, leader of the Patriotic Front, has turned down the offer to be President in the new Zimbabwe Government.

Mr. Robert Mugabe, the Prime Minister designate, spent yesterday in consultations with members of his own ZANU-PF central committee, as well as holding talks with the Governor, Lord Soames, in further efforts to form a Cabinet which will take account of competing regional and political interests. In addition, he has to reconcile the expectation of the old guard of his party with the demands of younger, often more radical, members.

But although Mr. Nkomo has refused the Presidency, he is insisting that he and other senior members of his party have Cabinet roles and remains committed to the coalition with Mr. Mugabe's ZANU-PF.

In spite of the overwhelming ZANU-PF electoral victory, room must be made for Mr. Nkomo who, in last week's election, demonstrated that he controls the southern province of Matabeleland and the country's second largest city, Bulawayo. He also has a several-thousand-strong guerrilla army in assembly places inside Zimbabwe and at least 4,000 trained men in Zambia and Angola.

In the meeting yesterday the central committee also considered what posts to offer to whites in spite of some opposition to the proposal. It remains likely that a cabinet post will go to one of the 20 Rhodesian Front MPs, who met yesterday to discuss nominations for the 10 white members of the 40-seat Senate. Of the remaining Senate seats, 14 will be elected by the 80 black MPs, 10 by the Council of Chiefs and six by the President acting on the advice of the Prime Minister.

Apart from the allocation of Cabinet posts, Mr. Mugabe continues to be pre-occupied with military issues and in particular the integration of the guerrilla and regular armies.

He held a further meeting yesterday with General Peter Walls, commander of the forces, as the Commonwealth monitoring force continued its phased withdrawal from the 11 guerrilla assembly camps. The remaining members of the force, predominantly British, are to be moved out of their camps over the next four days to take up a liaison role. Their places have been taken by members of the Rhodesian army and police force.

A further step in the training programme was disclosed last night with the news that Major-General Ken Perkins, Assistant Chief of Defence Staff Operations, will arrive in Salisbury at the week-end to help plan the future training needs of the Zimbabwe army.

Power workers may accept 19%

BY PAULINE CLARK, LABOUR STAFF

THE PROSPECT of a pay battle in the electricity supply industry appeared much reduced yesterday when union negotiators for the 83,000-strong manual workforce agreed to recommend a 19 per cent pay increase to their members.

Shop stewards have yet to give their blessing to the deal, however, and plan to examine it in detail at a full meeting of their national committee on March 15.

The settlement came after a meeting of only four hours between union and Electricity Council representatives, although negotiations were said to have gone on since January.

The deal consisted of a 17 per cent all round increase plus 2 per cent for "a very good response" to productivity and in recognition of continued labour cuts which have reduced the workforce by some 60,000 during the past 10 years.

In addition, power workers will receive so far unspecified increases in shift standby, and staggered hours payments as well as in travel allowances.

Details of the construction of the pay award were not available yesterday, although a circular explaining the settlement to the workforce was promised in time for the March 17 settlement date.

The Electricity Council declined also to give details of wages in the industry either before or after the new increase because, it said the wage structure was too complicated.

Average earnings in the top third wage bracket, however, are believed to approach £125 a week on a basic £86 to £87. It is estimated that the new deal would add between £14 and £17 to bottom rates.

The Central Electricity Generating Board faces an expected loss this year, and has already embarked on major economy measures. The industry is capital intensive, however. The cost of coal makes a much bigger impact on finances than labour costs.

It appears that the pay increases accepted by negotiators have largely met the aspirations voiced on the shop floor over the past few weeks.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, said of the deal: "It is not unfavourable compared with the miners' settlement."

Mr. Mike Ellis, secretary of the influential though unofficial National Joint Shop Stewards Committee, said: "The offer is worth shop floor consideration."

Weather

UK TODAY

RAIN at times. Bright spells in E.

London, S.E., Cent. S. and E. England, Midlands, E. Anglia
Showers or longer spells of rain. Bright intervals. Max. 9C (48F).

S.W. England, Wales, Channel Is.
Rain or showers. Gales in places. Max. 10C (50F).

E. England, Scotland, N. Ireland, I. of Man
Showers. Bright intervals. Max. 8C (46F).

Orkney, Shetland
Rain dying out. Max. 6C (43F).

Outlook: Changeable. Rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	Jo'burg	S	21	70
Algiers	C	17	63	L. Pims.	C	19	66
Amsdm.	R	7	45	Lisbon	C	14	57
Athens	R	13	55	Locarno	C	8	46
Bahrain	S	19	66	London	R	7	45
Barcina.	S	15	59	Luxmbg.	R	5	41
Beirut	C	16	61	Luxor	S	26	79
Belfast	C	7	45	Madrid	C	14	57
Belgrd.	C	3	37	Majorca	S	16	61
Berlin	F	5	41	Malaga	S	18	64
Biarritz	C	16	61	Malta	F	17	63
Bmghm.	R	7	45	M'chstr.	R	7	45
Blackpl.	R	6	43	Melbne.	F	19	66
Bordx.	R	8	46	Milan	R	6	43
Boulgn.	R	6	43	Mntreal.	S	-4	25
Bristol	R	7	45	Munich	C	8	46
Brussels	R	7	45	Nairobi	S	25	77
Budpst.	S	3	37	Naples	R	17	63
B. Aires	C	19	66	Nwcstl.	C	5	41
Cairo	S	19	66	N. York	S	4	39
Cardiff	R	6	43	Oporto	R	12	54
Cas'b'ca	C	17	63	Oslo	Sn	1	34
Cape. T	S	25	77	Paris	R	7	45
Chicago	C	-2	28	Perth	F	26	79
Cologne	R	6	43	Prague	S	5	41
Cpnhgn.	S	2	36	Reykjvk.	C	0	32
Corfu	R	9	48	Rhodes	C	13	55
Dublin	C	8	46	Rio Jo	S	32	90
Dbrvnk.	C	13	55	Rome	C	13	55
Ednbgh.	F	5	41	Salzbrg.	R	10	50
Faro	F	17	63	Singapr.	S	31	88
Florence	S	15	59	Stckhm.	F	5	41
Frankft.	S	7	45	Strasbg.	C	7	45
Funchal	S	18	64	Sydney	C	27	81
Geneva	R	8	46	Tangier	C	16	61
Gibrltr.	C	15	59	Tehran	S	6	43
Glasgow	C	5	41	Tel Aviv	F	16	61
G'rnsey	R	10	50	Tenerife	C	13	55
Helsinki	S	-4	25	Tokyo	R	10	50
H. Kong	C	19	66	Toronto	S	1	34
Innsbrk.	R	7	45	Tunis	C	17	63
Invrnss.	C	8	46	Valencia	F	15	59
I.o.Man.	R	7	45	Venice	R	6	43
Istanbul	C	6	43	Vienna	S	7	45
Jersey	R	10	50	Warsaw	S	1	34
				Zurich	R	6	43

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Cash limit pay curb criticised by TUC

By Our Labour Staff

THE TUC yesterday criticised the Government's use of cash limits to regulate public sector pay increases.

Mr. Bill Callaghan, secretary to the TUC Economic Committee, said cash limits tended to impose a strict pay policy in the public sector, when the private sector had either a looser policy, or no policy at all.

He told local government personnel officers in Birmingham, Mr. Callaghan said the system was not being used as a means of implementing programmes, "but as an instrument for enforcing back-door arbitrary and ill-timed cuts in those programmes."

Public expenditure levels should be planned on real resources in the economy, "and not on an artificial statistical construction."

Demand for dollar

Continued from Page 1

been reached beyond the general goal of balancing the 1981 budget is that "we are not going to go to wage and price controls."

The dollar was also helped by the news from Tehran indicating a breakthrough in the deadlock over the U.S. embassy hostages. This set off a decline in the gold price, which fell $19 to $627.50 per ounce in London, the lowest for almost two weeks.

Sharp rises in Eurodollar rates in London, in sympathy with the lightening in New York, led to another fall in prices on the Eurobond market, which has lately been going through a phase of severe depression.

The central banks of West Germany, Switzerland and Japan have been intervening continuously this week to bolster their currencies as part of an effort to contain accelerated inflation. The Bundesbank and the Bank of Japan have each sold well over $1bn in the last four days.

The dollar's firmness in the past few months, along with the oil price rise, has led to a sharp increase in import prices in all three countries.

Germany, Japan and Switzerland have raised discount rates in the past few weeks to match the rise in U.S. rates. But they may need to tighten money further if the dollar's firmness continues.

The Bank of England gave sterling a modest amount of support yesterday before it firmed later in the day on profit-taking. Its trade weighted index closed at 72.0 (72.3).

One reason for sterling's fresh decline was a fall of about ½ per cent in interbank rates on the London money market. This reflected an easing of the recent severe monetary squeeze.

Irish lure GE

Continued from Page 1

technology and up to 700 skilled and semi-skilled jobs.

The Department of Industry may complain to the European Commission that Ireland's move breaches the spirit, if not the letter, of Community competition policy. Ireland's ability to outbid competitors for U.S. investment has become irritating to several UK promotional bodies, including the Northern Ireland and Scottish development agencies.

Industrial promotion has become a politically sensitive issue in Scotland, where a high proportion of manufacturing plants are American owned.

On Wednesday the Commons select committee on Scottish affairs opened an investigation into the effectiveness of the promotional machinery. It is to meet in Glasgow on Monday to take evidence from the Scottish Development Agency.

THE LEX COLUMN

Capping Shell's profit gusher

Shell's 1979 reported net income, up from £1.1bn to £3.1bn, puts an even larger strain than expected on the resources of its public relations department. After stripping out stock profits, currency adjustments, exceptional tax items and profits on disposals, the figures show a rise from £1.34bn to just over £1.6bn: the adjustment to a LIFO system of stock accounting alone knocks out £1.1bn, £400m in the last quarter.

If the U.S. businesses and the associates are left out, on top of all the other adjustments, final quarter net income is down to around £100m from £240m in the third quarter, which suggests—given the continued strong performance upstream and in chemicals — that downstream margins have taken a hammering. It seems likely, though, that Shell suffered heavily in December from OPEC's retrospective price adjustment, which raised the cost of oil that had already been sold on.

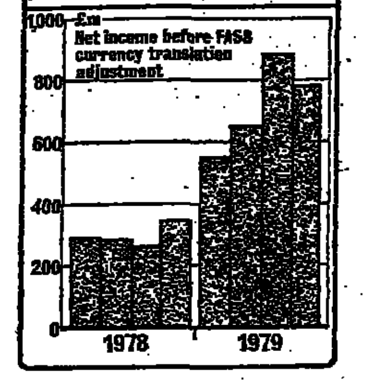
Nevertheless, refining margins are under considerable pressure—oil is plentiful at present and Shell is at a cost disadvantage vis-à-vis the Aramco partners. The group will be carrying the costs of the Belridge acquisition for a full year in 1980, and Belridge's earnings will nowhere near cover the financing of £1.68bn. Reported earnings will probably not be flattered by stock profits to anything like the same extent as in 1979, although the first quarter may throw up £300m or so. And there is just a chance that the UK North Sea tax system may be changed in a way that brings Shell into early payment of petroleum revenue tax.

Against all this, though, upstream earnings should be considerably higher than in 1979, with particular improvement coming through in gas as prices rise nearer the oil equivalent level—gradually in Europe, more rapidly in the Far East. The rise in U.S. oil prices will benefit the North American operation, and it looks reasonable to expect underlying group earnings to rise to somewhere between £1.8bn and £2bn. The yield on the Shell Transport shares at 402p is only 6.8 per cent (ignoring the special element in the final dividend), but the prospective p/e of 5½ is modest.

Liquidity

An early glimpse of the shape of December 31 balance sheets is provided by the Department of Industry's

Index fell 2.4 to 458.0



regular survey of company liquidity, which shows a sharp deterioration in the fourth quarter. The 222 companies sampled ran down their liquid assets by almost £1bn to £3.6bn in the quarter, and borrowings rose (though less sharply) taking the liquidity ratio down from 95 to 72 per cent. This is the lowest level since the 1974-1975 squeeze, and not surprisingly the pressure is greater on manufacturing than on non-manufacturing companies.

Plessey

The difference between a bad quarter and a good quarter at Plessey turns out to be the difference between the miserable £6.25m pre-tax reported for June-September, badly hit by strikes, and the £16.03m now disclosed for October-December. Not only was the group clawing back in the latest quarter some of the £5m estimated to have been lost in the earlier disputes, but there was an exceptional £1.9m property disposal profit. Meantime the losses of some £4.6m associated with the disposal of Garrard have been treated as extraordinary, and they disappear below the line.

In telecommunications, profits on the main exchange business have bounced back strongly after the second quarter loss, and there is also solid progress in the private telecom activities. The electronic systems division looks a little disappointing, with profits still running behind last year's, and this activity will take a while to recover from production delays. But the components side is doing well, and the hydraulic and aerospace division has more than doubled its nine-month contribution. The group as a whole now has an order book of just over £1bn, though the buoyancy of UK orders is not being matched overseas (and UK export deliveries are down a little after nine months).

After three quarters Plessey has pushed its pre-tax profits ahead some 7 per cent to £35.4m, helped by over £3m of loss elimination at Garrard and by the £1.9m property surplus. Forecasts for the year can now probably be upgraded to £52m pre-tax, indicating a prospective p/e at 147p of around 10 on a lowish tax charge. Plessey watchers will now be debating whether 1980-81 could, at last, bring a substantial step forward for this accident-prone group.

Norwest Holst

A bid in hand is worth two in the bush, especially when the bush might contain thorns. That is why minority shareholders in Norwest Holst will probably elect to end an increasingly unhappy story by accepting a bid from their controlling directors. The underwritten cash offer, which is what most people will opt for, is worth 140.65p per share, compared with the net assets of 155.9p per share (£14.7m). This is after making a provision of £5.5m after tax against a business which was bought a year ago for under £1.4m. As a bad buy, that may be some kind of record.

There is no way of assessing this provision, since arguments about the acquisition could apparently last for five years. In any event, the bidders are probably on to a good thing. Their existing 57.7 per cent share holding may have cost them a bit over £5m, and they are financing the current offer with redeemable preference shares. That could leave them owning a business with minimum attributable assets of nearly £9m and producing pre-tax profits of £4m a year.

However the minority have to consider where the shares would stand in the short term without a bid, and the answer is almost certainly well below 140p. With its debt having shot up to over £9m, Norwest's dividend paying power would be uncertain over the next year or two if it remained independent. And there is also the little matter of the mysterious Department of Trade enquiry into the company.

All the same the minority shareholders may not be over the moon about this deal, with the exception of the partner in Kay Johnson Gee and Co., auditors to the bidder's private company, who bought 110,000 shares at up to 120p around the turn of the year.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.